THE GLOBAL NEWSPAPER
Edited in Paris
Printed Simultaneously in Paris, London, Zurich, Hong Kong and Singapore

WEATHER DATA APPEAR ON PAGE 18

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Algeria... 6.00 Din. Austria ... 17 S. Bahrain .. 0.650 Din Belgium ... 37 B.Fr. Canada ... C$ 1.10 Cyprus ... 525 Mills Denmark .. 7.00 D.Kr. Egypt ... 100 P Finland ... 6.00 F.M. France ... 5.00 F. Germany. 2.20 D.M. Great Britain. 40 P. Greece. ... 60 Drs. Iran ... 175 Rials Israel ... I.S 49.00 Italy ... 1200 Lire Jordan ... 450 Fils Kenya ... Shs. 16.00 Kuwait ... 500 Fils Lebanon ... Pl.4.50 Libya ... L.Din. 0.35 Luxembourg. 38 L.Fr. Madeira ... 80 Esc. Malta ... 35 Cents Morocco ... 5.50 Dh. Netherlands. 2.50 Fl. Nigeria ... 170 K. Norway .. 6.00 N.Kr. Oman ... 0.700 Rials Portugal ... 70 Esc. Qatar ... 6.50 Rials Rep. of Ireland 60 P. South Arabia 6.00 R. Spain ... 90 Pess. Sweden .. 6.00 S.Kr. Switzerland 2.00 S.Fr Tunisia ... 0.500 Din Turkey ... T.L. 200.00 U.A.E. ... 6.50 Dirh U.S. Mil. (Eur.). $0.85 Yugoslavia ... 76 D.

No. 31,290 ** PARIS, TUESDAY, SEPTEMBER 27, 1983 ESTABLISHED 1887

The Associated Press

Russians Return Debris From South Korean Airliner

As Soviet sailors watched Monday, Japanese crewmen hauled to their cutter a crate of wreckage from the South Korean airliner shot down by a Soviet fighter pilot on Sept. 1. Japanese and U.S. diplomats came to Port Nevelisk on Sakhalin Island to receive the debris, which included clothing and documents. Despite a boycott on flights to Russia, travel to the Soviet Union has not been severely reduced. Page 4.

IMF Finds Agreement On Access

Major Nations Break Deadlock

By Hobart Rowen
Washington Post Service

WASHINGTON — The major nations of the International Monetary Fund, including the United States, broke a deadlock early Monday over an American proposal to limit the borrowing access of member nations to the IMF money pool next year and for several years thereafter.

After a daylong deadlock on Sunday, the IMF's Interim Committee agreed to a two-tiered limitation on access by borrowing nations to IMF funds: either 102 percent or 125 percent of annual quotas, the higher figure being allowed countries that have serious balance of payments problems. These figures apply for 1984, for a maximum period of three years.

This in effect will limit borrowing to no more than is available under the current rules, and was the principal demand of the U.S. Treasury secretary, Donald T. Regan.

But Mr. Regan yielded to the European, Japanese and Canadian members who insisted that a more generous allotment be given to countries with severe balance of payments problems.

Expressing a great sense of relief, the IMF managing director, Jacques de Larosière, said the compromise would allow the IMF to continue on "a firm basis" and encourage commercial banks to maintain their activities in the Third World.

Willy De Clercq of Belgium, chairman of the IMF Interim Committee, said that the compromise of "a very delicate and complex matter is a very positive one. There are no losers, but the international community is the winner."

Mr. Regan said he was happy with the agreement. "We achieved our number-one objective: 102 percent is now the norm, a ceiling on most IMF 'enlarged access' loans in 1984, with exceptions for small countries."

But Mr. Regan conceded that he failed to achieve comparable limits on so-called Compensatory Financing Facility loans, a special category designed to compensate for sudden losses of earnings of commodity exports. He said the IMF has made $3 billion of such loans through August, with the probability that the annual rate would run about $5 billion.

When India, China, African and other large CFF borrowers objected to placing any kind of ceiling on CFF loans, the Interim Committee referred the matter to the IMF Executive Board for decision.

IMF officials said it was important to have reached a compromise, because a continued deadlock would have shaken worldwide confidence in the agency's ability to manage the debt crisis and would have exacerbated the trend of commercial banks' reducing their lending in Third World countries.

Another concession by the United States, in exchange for the 102

The Associated Press

Australia II Wins America's Cup

Australia II, at right above, beat Liberty on Monday to win the America's Cup — the first time in the 132-year history of the yachting series that the American entry has lost. Page 19.

Reagan, at UN, Offers Moscow New Flexibility On Arms Stand

By Steven R. Weisman
New York Times Service

UNITED NATIONS, New York — President Ronald Reagan, calling on the Soviet Union "to reduce the tensions it has heaped on the world in the past few weeks," Monday offered what he described as concessions aimed at advancing the deadlocked Soviet-American talks on medium-range nuclear missiles in Europe.

Speaking to a packed General Assembly chamber at the opening of debate of this year's session, Mr. Reagan charged that the Russians had violated arms and other agreements in the past, but that the United States was prepared "to be flexible in our approach, indeed, willing to compromise" to win weapons agreements now.

"The door to an agreement is open," the president told the delegates, referring to the medium-range missile talks. "It is time for the Soviet Union to walk through it."

In the principal concession announced Monday, the United States would continue to insist on an equal number of nuclear warheads on U.S. and Soviet medium-range missiles, but Washington would agree not to deploy all of its permitted missile warheads in Europe. The Russians have strongly opposed any deployment of these American missiles in Europe, maintaining that the 162 French and British missiles already in place are adequate protection for the West.

In addition, Mr. Reagan said, the United States was "prepared to be more flexible on the content of the current talks" and to discuss with the Russians the possibility of including ceilings on medium-range bombers capable of carrying nuclear warheads.

Finally, the president said Washington was prepared to accept less than the maximum number of Pershing-2 ballistic missiles as part of an overall agreement to reduce the number of both Pershing-2 and ground-launched cruise missiles.

Current plans call for the United States to deploy 108 Pershing-2 missiles and 464 cruise missiles, starting in December, in West Germany, Italy, Belgium, the Netherlands and Britain. Each of these missiles has one nuclear warhead, but the Russians are known to have greater fears about the Pershing-2s because they can reach Soviet territory only minutes after being launched.

The deployment was authorized by the European allies in 1979 to counter the existence of Soviet medium-range missiles trained on Europe. A senior administration official said Monday that the Russians have 351 SS-20 medium-range missiles, with three warheads each, and that "almost all potentially threaten Europe."

Talks on these missiles have been dragging on for 18 months, with the United States insisting that there be Soviet-American equality in number of warheads worldwide, and the Russians unwilling to accept deployment of any new missiles on European soil. In the background of the talks has been uncertainty about possible protests in Europe if the missiles are deployed at the end of the year.

Mr. Reagan was warmly applauded at the end of his 23-minute speech, which administration advisers had described in advance as an attempt to "take the high road" after the recent acrimonious exchanges with the Russians. Tensions have grown considerably because of the charges and countercharges surrounding the downing by the Russians of a South Korean airliner on Sept. 1.

Despite a generally conciliatory tone, however, Mr. Reagan did repeat some of his recent harsh criticisms of the Russians, including a reference to the Soviet Union as "an empire" with "subservient nations" and "client governments.".

He referred to the Korean airliner incident as having brought "new unwelcome evidence of brutal disregard for life and truth" by the Russians, as well as "a timely reminder of just how different the Soviets' concept of truth and international cooperation is from that of the rest of the world."

"Evidence abounds that we cannot simply assume that agreements

(Continued on Page 2, Col. 6)

Lebanese Prime Minister, Cabinet Quit After Cease-Fire Halts Most Fighting

Compiled by Our Staff From Dispatches

BEIRUT — Prime Minister Shafiq al-Wazzan and his cabinet submitted their resignations Monday, hours after a cease-fire arranged by the United States and Saudi Arabia halted Lebanon's civil war.

Mr. Wazzan, a Sunni Moslem, told reporters after a meeting with President Amin Gemayel that he and the 10-member cabinet had tendered their resignations to clear the way for the "formation of a national unity cabinet to undertake the rebuilding of the homeland."

Mr. Gemayel, a Maronite Christian, said later in a statement that he needed time to decide whether to accept the resignations and asked the Wazzan government to remain in office "until the features of the new era crystalize and the arrangements to usher it in are completed."

Syria and the Lebanese Druze leader, Walid Jumblat, had demanded the resignation of Mr. Wazzan as a condition for a cease-fire in the civil war, which pitted Syrian-backed Druze militias and their leftist Lebanese allies against Christian militias and the Lebanese Army.

Mr. Wazzan, who has been sharply criticized both by Syria and at home for failing to push for Moslem rights, announced his offer to quit after a cabinet session at the presidential palace.

Political observers said Mr. Gemayel might be delaying a decision on accepting the resignation while he looked into the possibility of forming a government of national unity.

The Lebanese Army said the cease-fire was generally holding, despite sniping on the mountain frontlines and in the Beirut suburbs and at least one infiltration attempt around the strategic bastion of Souk el-Gharb overlooking the U.S. marine encampment at Beirut International Airport.

Two Lebanese soldiers were shot to death by snipers at the village of Kaifoun two kilometers (about a mile) south of Souk el-Gharb, the army said.

The state-run Beirut Radio reported after nightfall that army positions in the mountain village of Kabr Chmoun were under fire

U.S. officials say Syria feared clashes with the United States and Israel. Page 2.

from rocket-propelled grenades and automatic rifles but that the government troops were not shooting back.

The radio reported that army troops fired at snipers shooting at them from Shiite Moslem neighborhoods in the Beirut suburbs and that about 20 military vehicles were spotted at sunset headed toward the Druze mountain garrison of Baissour.

The cease-fire agreement was announced in Damascus Sunday night by the chief Saudi mediator, Prince Bandar bin Sultan, and the Syrian foreign minister, Abdel-Halim Khaddam.

The U.S. special Mideast envoy, Robert C. McFarlane, who played a key role with Saudi mediators in arranging the cease-fire, said: "I'm terribly impressed by the leadership that has been shown here in Lebanon. I'm very, very impressed by the assertive Saudi diplomacy. I'm proud to be American."

Mr. McFarlane added that the truce "marks the convening of a true dialogue among leaders of Lebanoo involving individuals whose experience in shaping the course of this country for a generation can lead to a truly new beginning."

The agreement calls for the cease-fire to be monitored by "neutral observers" — expected to be United Nations officers, A team made up by the army and opposition factions is also to work out ways to enforce the truce.

A Lebanese government official said the United Nations would be asked to provide 500 observers to help police the cease-fire.

In London, the British Foreign Office said the four nations contributing to the multinational force that has been patrolling Beirut will meet "urgently" in New York to consider what steps to take in view of the truce. Britain, France, Italy and the United States have contingents in the force.

Mr. Gemayel is to call an urgent national reconciliation conference with factional leaders to discuss reshaping Lebanon's political makeup. Opposition leaders see the conference as a chance to end the unwritten law dating from 1943 that divides power among Lebanon's patchwork of sects, with the presidency and some other key posts going to Maronite Christians.

Lebanese officials said Mr. McFarlane and Prince Bandar had proposed that the opening session be held in Riyadh, the Saudi capital, under King Fahd's auspices.

Mr. Gemayel invited observers from Saudi Arabia and Syria to take part in the dialogue to "bring about a comprehensive national reconciliation that will be the permanent foundation of honest coexistence among the members of the Lebanese people, a guarantee for establishment of state sovereignty over all Lebanese territory and the creation of a balanced government system."

Lebanon's state radio said the conference would include Mr. Jumblat and two other leaders of his anti-government coalition: Nabih Berri, leader of the Amal militia; former President Camille Chamooo; aod Pierre Gemayel, founder of the rightist Christian Phalange Party.

Search Goes On in Ulster For Fugitives From Maze

The Associated Press

BELFAST — Police recaptured two more Irish Republican Army insurgents who escaped from the maximum-security prison at Maze on Sunday, and a search continued Monday for 21 still at large.

"It is a desperately dangerous situation," a senior police officer said. "It is like trying to corner a pack of wolves."

Hundreds of soldiers and police, aided by helicopters and tracking dogs, searched the countryside for the escapees.

Prime Minister Margaret Thatcher, in Ottawa for talks with Canadian officials, said the breakout was "the gravest in our prison history."

James Prior, Britain's secretary for Northern Ireland, ordered a "rigorous and searching inquiry at the highest level" into how 38 men obtained guns and knives to fight their way out of the prison, 12 miles (about 19 kilometers) south of Belfast. Seventeen fugitives have been recaptured.

The two taken into custody Monday were seized in the south of County Down as they headed toward the border with the Irish Republic about 40 miles south of the prison, police said.

A police spokesman said the escaped convicts, including men serving life terms for murders and bombings, stabbed one guard to death and wounded six others, five with knives and one with firearms.

All those who broke out of the prison are members of the IRA's provisional wing.

Sinn Fein, the legal political wing of the Roman Catholic IRA, which seeks an end to British rule of Northern Ireland, sent its congratulations to the fugitives and called them prisoners of war.

"There is a feeling of jubilation in nationalist and republican areas because people . . . realize the British government has no right to imprison anyone in Ireland," Sinn Fein said in a statement.

A Protestant leader, the Rev. Ian Paisley, called for the resignation of Nicholas Scott, the Northern Ireland minister responsible for prisons.

Photographs of the fugitives were issued 14 hours after the break. Among them was Brendan McFarlane, serving life for the murder of five persons in a pub bombing seven years ago. He escaped four years ago but was recaptured.

Mr. McFarlane led the 1981 hunger strike at Maze in which 10 men starved to death in an unsuccessful attempt to gain official recognition as political prisoners. But he did not participate in the fast, in which Bobby Sands, serving 14 years for weapons possession and being a member of the outlawed IRA, was the first to die.

Other escapees include Joseph Corey, serving a life term for killing an Ulster Defense Regiment soldier and said by police to have been the IRA commander in Londonderry.

"It was worth a try," one of the recaptured prisoners said with a grin as he was led by a soldier back toward the jail.

Four escapees were recaptured wearing only their undershorts and four others were seized after they swam across a river near the prison.

Police said the break began Sunday when prisoners in one of the eight H-shaped cellblocks produced weapoos to overpower guards and the driver of a food delivery truck.

A bomb hoax at the main gate created a diversion while more prisoners piled into the truck, some wearing uniforms taken from captured guards. The guard who was shot had tried to raise the alarm.

At the double main gate of steel and wire mesh, a guard blocked the truck's path with his own car, forcing the prisoners to escape on foot through a side gate.

The guard who later died in the hospital was stabbed in a fight there between the fugitives and the guards and soldiers of the Royal Horse Artillery Regiment on duty at the prison.

Reagan Says U.S. Is 'Proud' to Be Host of the UN

New York Times Service

NEW YORK — President Ronald Reagan has told foreign leaders and foreign ministers attending the UN General Assembly that the United States was "proud to be the home" of the United Nations and would continue to work there for world peace.

Mr. Reagan's comments at a reception Sunday night were his first about the United Nations since he suggested last week that it might consider moving to Moscow for six months of the year.

Administration aides have said that Mr. Reagan meant no denigration of the United Nations and that he wanted to use his trip to New York City to re-emphasize U.S. support.

Mr. Reagan spent a full day in New York Sunday meeting foreign leaders before a scheduled address to the General Assembly Monday.

Manila's Cardinal Plays Dual Role in Resolving Aquino Crisis

By William Chapman
Washington Post Service

MANILA — Cardinal Jaime L. Sin, who previously made frequent complaints about the rule of President Ferdinand E. Marcos of the Philippines, has moved into a new dual role that casts him as an alternating presidential confidant and critic as he seeks a peaceful reconciliation of opposing forces in this tense country.

On Thursday night, the cardinal's anti-government rhetoric reached a new pitch of abusiveness,

Marcos promises to reorganize the commission investigating Aquino's murder. Page 4.

when he called Philippine elections a "travesty" and likened Mr. Marcos's suppression of the media and record of evasiveness to the actions of Nazi officials. Yet on Friday night, he met with Mr. Marcos to offer a national reconciliation plan that is "the last feasible alternative to avoid the violent confrontation and bloody revolution made imminent by the temper of the times," according to a statement released by one of Cardinal Sin's aides.

The cardinal's dual role is one of the strange wonders of Philippine politics, a phenomenon difficult for outsiders to understand. He is at times the church militant scouring the demons of temporal government and at times the benevolent adviser pictured chatting amiably with the smiling president.

Whatever his secret to success, it has made Cardinal Sin a figure of towering importance in a country torn by violence and recriminations. Some regard him as the strongest source of restraint on a government often given to extremes. Since the assassination a month ago of Benigno S. Aquino Jr., an opposition leader, the cardi-

(Continued on Page 2, Col. 4)

United Press International

Cardinal Jaime L. Sin, right, presented his national reconciliation plan on Friday to President Ferdinand E. Marcos.

INSIDE

AP

Former King Leopold III of Belgium dies of heart failure at 81. Page 4.

Computer Gang Got to Heart of Nevada's Thief-Proof Slot Machine and Hit Jackpot

By Wallace Turner
New York Times Service

STATELINE, Nevada — The Econopoulos affair began in the early afternoon of Friday, Aug. 19, when an electronic slot machine at Harrah's Tahoe casino showed a giant jackpot winner.

The sum of $1.7 million was in the jackpot. It had been built up since January 1982, when the previous winner collected about $500,000.

The man at the machine when the jackpot-winning line of triple bars appeared was Constantine G. Econopoulos. That afternoon he submitted to interviews with Harrah's publicists, and videotape of his remarks went out that night to television stations in San Francisco, Los Angeles and Sacramento, all big markets for Lake Tahoe casinos.

Then, in rapid succession, facts began to unfold adding up to a stunningly modern method of cheating machines that are scientifically designed to defy cheating. Someone had been able to reach the computer chip that was the heart of the slot machine Mr. Econopoulos had been playing and make it produce the winning jackpot.

While Nevada gaming officials are now maintaining strict silence about the case, interviews with the authorities and others in Nevada, Texas and California disclose an intriguing tale of how Mr. Econopoulos, identified by the San Francisco police as a man known to them as Gus the Runt, was recruited by people to play and collect from the rigged machine.

Nevada newspapers have speculated that Mr. Econopoulos is now living in Nevada as a guest of the Nevada Gaming Control Board, because he is the only known witness who could identify others involved in the jackpot scheme that cost Harrah's $200,000.

The 16 machines tied to Harrah's big jackpot are the products of modern times. Each has its own electronic controls whose heart is a computer chip. The capacity of the chip is mostly taken up with its instructions for operation. The system was designed over the past decade in an attempt to produce a slot machine that would foil the many ways that thieves found to cheat the old mechanical slots.

The added significance of the Econopoulos affair, according to industry and regulatory sources, is that whoever found the way to reach the computer chip also had the ability to do so without leaving any electronic tracks. Such tracks would cause the casino to refuse payment of the jackpot.

Validity checks began routinely after Mr. Econopoulos hit the jackpot. But little else that followed was routine. The police in San Francisco recognized the 5-foot-2, somewhat grizzled new millionaire as a man whose past includes felony convictions in 1958 and 1970 for burglary.

The security staff at Harrah's, nervous about Gus Econopoulos, sent him off to rest in a room in the hotel, a hotel spokesman said. They checked the machine he was playing. After a while, they gave Mr. Econopoulos four checks, three for $500,000 each and one for $200,000. They urged him to remain as their guest.

Two days later, according to Mark Curtis, Harrah's spokesman, Mr. Econopoulos left the hotel suddenly and Harrah's security people lost track of him. On Monday, Aug. 22, Mr. Curtis said, Harrah's told the Nevada Gaming Cootrol Board that it appeared something was wrong with the big slot machine jackpot winner.

Mr. Econopoulos was eventually traced to Houston. Payment was stopped on the three $500,000 checks, but he had cashed the one for $200,000.

After a series of interviews, he told the agents of the Nevada Gaming Control Board that the jackpot had been won by altering the machine's patterns, officials said. He told them that people who had recruited him to play and collect had rigged the machine so the jackpot-winning symbols would appear. Whatever else he said has not been disclosed.

The Econopoulos affair has revealed a serious weakness in Nevada's system of gambling controls. District Attorney Brent Kolvett of Douglas County, where Harrah's Tahoe casino is situated, has said there is not enough evidence for him to prosecute anyone in the jackpot case.

So what is to happen to gangs who steal million-dollar jackpots?

An agreement is implicit between the casino and the players that the eventual winner will be selected by the random action of computer chips. So the means used to beat the machine must be uncovered, understood and met in new designs.

U.S. Thinks Syria's Fear of Wider Clashes Prompted Truce

By John M. Goshko
Washington Post Service

WASHINGTON — U.S. officials are crediting the achievement of a Lebanese cease-fire to Syria's realization that it cannot keep agitating the civil war there without increasing its military involvement to the point at which it would risk direct clashes with the United States and possibly provoke a new war with Israel.

Specifically, the officials said, Syria's hopes of winning control in Lebanon through its support of the dissident forces fighting President Amin Gemayel's government were thwarted by President Ronald Reagan's determination not to remove the U.S. Marines from Beirut and by the unexpectedly strong showing of the Lebanese Army during bitter fighting in the Beirut area.

That, the officials continued, has created a military stalemate that President Hafez al-Assad of Syria could not break unless he increased his aid to the Druze militia and other dissident groups by throwing Syrian forces directly into the fighting. But that would mean confrontation with the U.S., British, French and Italian units forming the peacekeeping force in Beirut and, even more threatening to Mr. Assad, would force Israel to consider whether it had to go to war again to prevent Syria from gaining control over Lebanon.

For these reasons, the officials said, the Syrians have apparently decided to put aside the military option, at least for the moment, and try to win greater influence in Lebanese affairs through a process of political negotiation between Mr. Gemayel and the Syrian-backed factions.

Administration officials said that a cease-fire is the necessary first step in carrying out the diplomatic strategy that has been pursued for the past month by Mr. Reagan's special Mideast envoy, Robert C. McFarlane, with the aid of Saudi Arabia's ambassador-designate to the United States, Prince Bandar bin Sultan.

Specifically, that strategy centers on inducing Syria to stop its obstructionist activities inside Lebanon and cooperate in patching together au accord that will satisfy the political aspirations of the various contesting factions, allow Mr. Gemayel to extend his government's authority throughout the country and permit the withdrawal of the Israeli, Syrian and Palestine Liberation Organization forces that are occupying large portions of Lebanon.

Earlier this month, when Israel withdrew its forces from the Chuf mountains to new positions in southern Lebanon, a vicious cycle of new fighting broke out in the Chuf and in Beirut, with the Syrians arming and encouraging the Druze and other groups like the Shiite Moslem militia to attack the Lebanese Army. As one U.S. official put it, "Assad believed the Gemayel government would fold, and he could just walk down the Damascus-Beirut highway behind his surrogates to take control."

According to U.S. officials, a key element in the Syrian strategy was to instigate attacks on the U.S. Marines in the hope that domestic pressure would force Mr. Reagan to pull them out and rob Mr. Gemayel of U.S. support. But, despite misgivings in Congress over marine casualties, the officials said, it has been made clear to Syria that the marines will not be withdrawn and that the United States is prepared to use the massive firepower it has arrayed off the Lebanese coast in carefully calibrated responses to attacks against the marines.

In addition, the officials stressed, the Lebanese Army, benefiting from months of intensive training by U.S. advisers, proved able in the past month's fighting to withstand fierce Druze assaults, aided by Syrian arms and Syrian-influenced Palestinian fighters, and to keep control of Beirut's perimeters.

Using these factors as ammunition, the officials said, Mr. McFarlane argued to the Syrians that they had an alternative in the "national reconciliation dialogue" offered by Mr. Gemayel to his foes. The object would be to restructure the Lebanese political system to give more power to the disaffected Moslem factions. With this as a vehicle, Syria, through its ties to these groups and through its proposed role as a mediator in the talks, could seek to regain its former political and economic influence in Lebanon.

■ **Wider Moslem Role Seen**

The United States hopes the cease-fire will promote negotiations among the warring factions and lead to "a wider political structure" that may include a greater role for Moslems, United Press International quoted Secretary of State George P. Shultz as having said in New York.

The secretary of state said preparations were being made for meetings on ways to oversee the cease-fire, possibly with United Nations observers, and to "begin the process of national reconciliation."

Although the outcome of those discussions cannot be foretold, Mr. Shultz said, lasting reconciliation could require greater participation by Moslems in the Lebanese government.

United Press International

Volunteer workers for Caritas, a charity organization, ducked for cover near Seblin, south of Beirut, as they came under sniper fire before the Lebanese cease-fire went into effect. They were taking food and medical supplies to towns and villages in the Chuf mountains.

Cardinal Plays Dual Role in Manila

(Continued from Page 1)

nal has emerged as perhaps the only person capable of putting things back together.

"He is a political bridge between the president and the opposition," said one Western diplomat. "He has stepped up his pressure [on Mr. Marcos], and the church is going to be more politically active after this."

The cardinal has such a preeminent political position partly because no one else commands much broad respect. In the post-Aquino period, the opposition suffers again from factionalism. It has many loud voices proclaiming themselves to be leaders but has no one with a national constituency.

Cardinal Sin's political role has changed considerably since Mr. Aquino's death. Before, he was a sporadic critic, speaking out on occasions of government excesses, such as rigged elections. He has now become a more deliberate planner and is trying to build a consensus around his ideal of "national reconciliation." He first offered the plan in February, but the government ignored his proposal.

A copy of Cardinal Sin's proposal shows that he envisions a council composed of representatives of the government, church, opposition political groups and private business.

The cardinal's plan lists several pre-conditions for reconciliation: free elections, a free press, an independent judiciary and a "thorough and impartial" public investigation of Mr. Aquino's assassination.

Although he has spurned the proposal in the past, Mr. Marcos may be more inclined to listen now that his political base and credibility have been so badly eroded by the assassination of his former enemy. But on Friday night, according to a church spokesman, the president promised only "to take a look at" the proposal.

It was to Cardinal Sin, the leader of 45 million Philippine Roman Catholics, that the United States quickly turned after Mr. Aquino's assassination, sensing a debacle ahead in plans for President Ronald Reagan to visit here in November.

A meeting with the cardinal was arranged for Mr. Reagan's visit to soften the spectacle of a U.S. president halfway around the world meeting with the head of the government that is widely suspected of having Mr. Aquino killed.

It is not likely that pictures of a Reagan-Sin meeting will satisfy the opposition, which views Mr. Reagan's planned visit as one more symbolic American gesture of support for Mr. Marcos. Demonstrations are planned and at least one prominent businessman here has advised the U.S. Embassy to have the trip canceled.

But U.S. officials say they believe that the cardinal's enormous moral influence may take some of the sting out of the criticism and lend a semblance of impartiality to the visit.

Recently, Cardinal Sin has been meeting privately with a group of influential businessmen and academicians, many of whom have turned into quiet critics of Mr. Marcos since the assassination. The group is described by one participant as composed of people "seeking an outlet" for their anger but not prepared to join ranks with what they regard as the opposition's ineffectual leaders.

IMF Reaches Compromise On Access to Borrowing Pool

(Continued from Page 1)

percent basic borrowing limit for 1984, was abandonment of assurance that access would be phased down in 1985 and in later years. On Saturday, the Group of 10 rich nations had endorsed Mr. Regan's stand and recommended that the enlarged access figures be gradually phased out.

But the full Interim Committee, reflecting the fears of the poorer nations that this would be too much to decide now, decided merely that access limits will be reviewed annually, depending on the availability of IMF resources and borrowing demands.

Moreover, according to the text of the committee's communiqué, future access limits could be extended, as well as phased out or terminated, depending on circumstances.

Officials had been desperately concerned Sunday that the deadlock between a restrictive American position and the desire of most of the other nations to take a more liberal stance could not be resolved.

In that case, the "enlarged" access, currently 150 percent of annual quotas, for a maximum of 450 percent over three years, would automatically have reverted to 100 percent and 300 percent.

In effect, that would have meant an automatic reduction in loan allowance for almost all countries. But under the compromise of allowances ranging from 102 percent to 125 percent, Mr. De Clercq said, "all countries will potentially have larger access" than they do now.

Since quotas, which are deposits of national currencies, are being iiicreased an average of 48 percent, the 102 percent figure approximately equals 150 percent of the current, smaller quotas. And the 125 percent limit will allow many countries more liberal loans.

But both Mr. de Larosière and Mr. De Clercq went out of their way to stress a paragraph of the communiqué that states unequivocally that the access limits "should not be regarded as targets." In the same way that the IMF Executive Board will retain discretion to exceed the 125 percent limit, on occasion, they will not automatically allow a country that needs more than 102 percent to go to 125 percent.

Meanwhile, the United States on Sunday refused to contribute more than $750 million a year for IDA-7, the International Development Agency's lending program that would cover fiscal years 1985 through 1987.

Soviet Grain Imports May Decline by 1990

The Associated Press

PARIS — Soviet grain imports may decline to an annual level of less than 10 million metric tons by 1990 from an average annual rate of 35 million tons over four years through 1983, according to the Organization for Economic Cooperation and Development.

In a report released Monday, the OECD said the Soviet Union, which has become the world's biggest importer of grain and meat in the past few years, is likely to reduce its dependence on agricultural imports in the coming years.

Reagan Offers New Flexibility on Arms Stand

(Continued from Page 1)

negotiated with the Soviet Union will be fulfilled," Mr. Reagan said. He said, for example, that the Russians had failed to fulfill their promises for human rights improvements in the Helsinki accords, violated agreements on biological and chemical weapons, and hindered verification of missile agreements with encoding methods. "A newly discovered radar facility and a new ICBM raise serious concerns about Soviet compliance with agreements already negotiated," Mr. Reagan asserted, although he provided no details.

Recently, however, the Russians have rebuffed American requests for meetings of the joint arms control monitoring group to discuss possible Soviet violations of strategic nuclear arms treaties.

After speaking Monday, Mr. Reagan drove back to the Waldorf Astoria Hotel for separate meetings with King Hassan II of Morocco and Prime Minister Indira Gandhi of India. Monday afternoon, Mr. Reagan flew back to Washington.

■ **Tass Ignores Proposals**

The Soviet news agency Tass dismissed President Reagan's speech Monday as filled with hypocritical distortions of the truth and ignored his challenge to the Soviet Union to reach an arms accord, Reuters reported from Moscow.

In a virulent attack, Tass said Mr. Reagan had used "gross distortions of generally known facts, demagoguery, disinformation and blatant lies" in an attempt to camouflage a policy of imperialism and adventure.

The commentary criticized U.S. policy in Lebanon, Chad and El Salvador, which it said gave the lie to U.S. talk of peace and renunciation of violence.

It said Mr. Reagan's charge that some members of the nonaligned movement were actually client states of the Soviet Union reflected his annoyance at a widening rift between Washington and the nonaligned countries. Only this could explain such an allegation, the agency said.

Tass summed up the president's speech as "just another awkward attempt to misinform public opinion."

WORLD BRIEFS

Uruguay Arrests Top Political Leader

MONTEVIDEO (Reuters) — Uruguay's military government arrested a leading politician during a second national day of protest. Politicians and diplomats said the arrest could scuttle talks on a return to democracy promised for March 1985.

Eladio Fernandez Menendez, a leader of the Blanco Party, was being held at an unknown location under emergency security regulations, his lawyer said. Party sources reported at least four other arrests Sunday when about 200 youths marched in the streets of the capital's most affluent suburb, Carrasco, after nationwide pot-banging and blackouts to protest 10 years of military rule.

Observers said the arrest of Mr. Menendez appeared intended to freeze negotiations on constitutional reform, which were resuming after breaking down in July. They said it apparently reflected a split between moderates and hardliners who wanted the timetable for a return to democracy to be scrapped.

U.S. Envoy Apologizes for Incident

OSLO (AP) — U.S. Ambassador Mark E. Austad telephoned a Norwegian woman Monday and apologized for banging on her door in the dead of night until she called the police, the American Embassy said.

An embassy spokesman said the ambassador explained to the woman, who had filed a complaint with the police, that the incident occurred because he thought he was at the house of a friend. The woman, who was not identified, accepted the ambassador's apology and agreed to withdraw the complaint.

In a statement issued during the weekend, the embassy described the incident, which occurred early last Wednesday in the northern city of Tromsoe, as a "regrettable . . . misunderstanding" that happened because Mr. Austad's taxi took him to the wrong address.

Belgium Cleans Up After 9-Day Strike

BRUSSELS (Reuters) — Mountains of rubbish began disappearing from Belgium's streets Monday after public service workers ended an unsuccessful nine-day strike against planned pay and benefit cuts.

With few exceptions, the last strikers returned to work Monday morning despite winning only minimal concessions from the center-right government. Trains, buses and streetcars were reported working normally, but officials said it would take up to a week to remove tons of accumulated garbage, distribute millions of delayed letters and clear backed-up traffic in the port of Antwerp.

The strike collapsed Friday when the Socialist trade union federation, abandoned by its Social Christian and Liberal counterparts, voted reluctantly to accept the government's offer of minor improvements.

Opposition Leader Jailed in Pakistan

ISLAMABAD, Pakistan (Reuters) — Abdul Wali Khan, a leader of an opposition party campaigning against Pakistan's martial law administration, was arrested here Monday on his arrival from London.

Mr. Wali Khan, whose wife and aged father were already in custody, is the latest of at least 10 opposition politicians held on arrival as they returned from abroad to join the eight-party Movement for the Restoration of Democracy in its campaign against President Mohammed Zia ul-Haq. Mr. Wali Khan, 62, is a dominant figure in the National Democratic Party.

Before leaving London, Mr. Wali Khan told the British Broadcasting Corp. that the movement would not open a dialogue with General Zia until democracy was restored. The group is demanding his resignation and immediate elections.

Kenyans Go to Polls in Relative Calm

NAIROBI (UPI) — Millions of Kenyans voted amid relative calm Monday in the fourth general election since the country gained independence from Britain two decades ago.

Election officials said no major incidents were reported during the polling, in sharp contrast to a hectic six-week campaign. At least eight persons died in campaign-related violence before the election, police said, and scores were injured.

All but five of the Parliament's 158 seats were at stake. Five candidates, including President Daniel Arap Moi and Vice President Mwai Kibaki, have already been returned to office unopposed. About 7.2 million people are registered to vote. Full results are expected Tuesday.

Shcharansky's Health Causes Concern

MOSCOW (NYT) — The mother of Anatoli B. Shcharansky said Monday she was afraid her imprisoned son would not survive the second half of his 13-year sentence unless he was hospitalized.

Ida P. Milgrom, Mr. Shcharansky's 75-year-old mother, said that when she last visited her son at Chistopol Prison July 5, he was suffering repeated pains in his left chest, which prevented him from taking exercise or sleeping on his left side.

Mr. Shcharansky endured a hunger strike for 110 days last year, during which he was force-fed and lost half his weight. He was protesting the denial of his right to correspond with his family. Mr. Shcharansky abandoned the fast Jan. 14, after his mother won the right to exchange notes with him. He was arrested in March 1977 and charged with spying for the United States.

For the Record

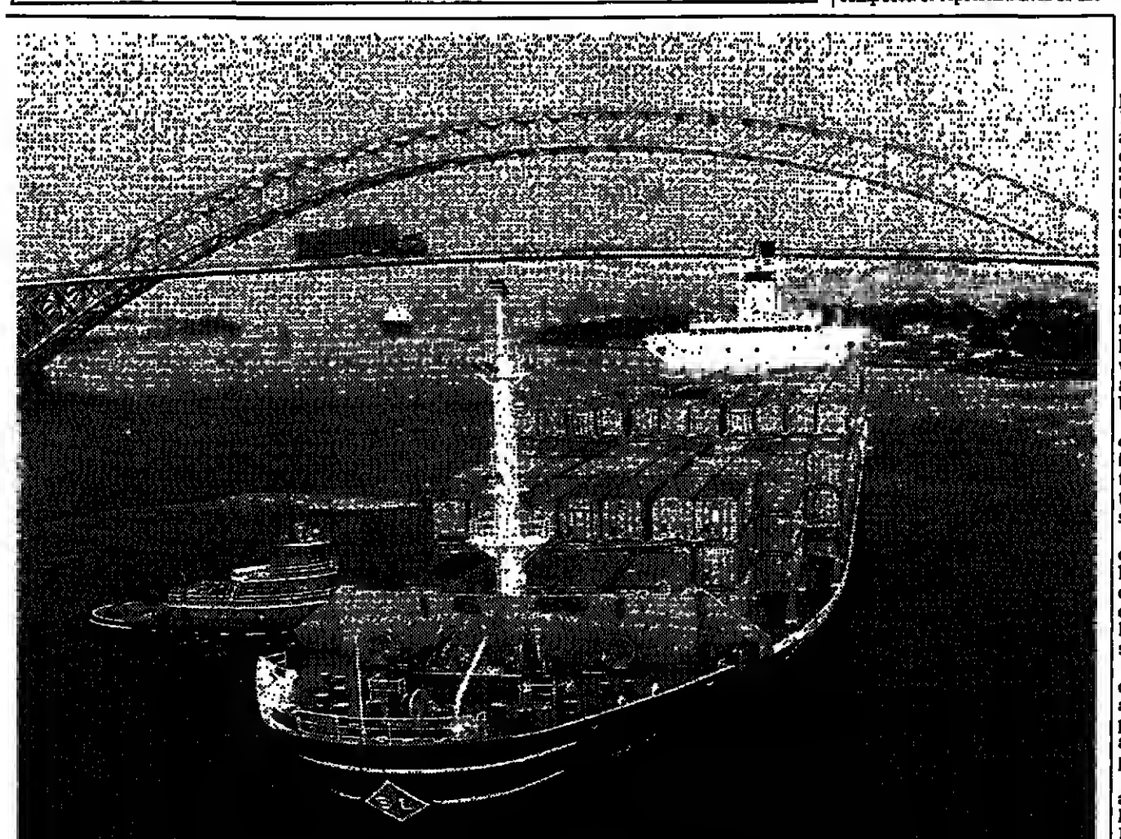
COMISO, Sicily (AP) — Police using tear gas, riot sticks and water cannon repeatedly charged about 1,000 protesters Monday outside a base being prepared for cruise missiles, authorities reported.

HONG KONG (UPI) — Sir Percy Cradock, British ambassador to Beijing, will retire from the diplomatic service at the end of the year but will retain a major role in talks on the future of Hong Kong, it was announced Monday.

MADRID (Reuters) — José Maria Ruiz Mateos, the former president of Rumasa, the huge private holding company expropriated by the Spanish Socialist government, was declared Monday in contempt of court by a judge after failing to appear on fraud charges.

Correction

The caption on a photograph that appeared on the financial pages in Monday's editions incorrectly identified the official speaking with Finance Minister Jacques Delors of France. He is Otto Schlecht, under state secretary in the West German Finance Ministry. The caption material supplied by The Associated Press had erroneously identified him as Gerhard Stoltenberg, the West German finance minister.



Alan Cranston — A Mix Of Caution and Passion

Nuclear Disarmament Is Foremost On List of Californian's Causes

By Michael Barone
Washington Post Service

WASHINGTON — Alan Cranston was 31 and had already had a lifetime's worth of interesting and exotic experiences. As foreign correspondent for the Mountain View (California) Register-Leader, he sat in the Vienna courtroom where the assassins of Chancellor Dollfuss were tried in 1934 and he covered student riots in Mexico in 1935.

THE CANDIDATES

This is one in a series of occasional articles about the men who are seeking the Democratic nomination for U.S. president in 1984.

In 1936 and 1937, the future Democratic senator from California worked for Hearst's International News Service in London and Rome. In 1938, he was the first American reporter in Ethiopia after Mussolini's conquest.

A sprinter himself, he met Jesse Owens and stood face to face with Hitler one night in Munich. In New York in 1939, he and a former Hearst editor published excerpts from "Mein Kampf" not included in the English version; lawyers for Hitler's publishers sued and got Mr. Cranston's version off the market after just 10 days.

Mr. Cranston spent most of World War II in Washington at the Office of War Information. He worked for Archibald MacLeish and Elmer Davis, and he got to know Eleanor Roosevelt; he says he lobbied her against the Japanese-American detention camps after visiting one and seeing his family's former gardener there. It was his idea, he says, to publicize Hitler's obliteration of the Czech town of Lidice by persuading Stern Gardens, Illinois, to rename itself Lidice.

These must have been heady experiences even for a man as fortunate in his background as Alan Cranston was. His father was a successful builder and real estate developer in the peninsula towns south of San Francisco. Alan grew up in the 1920s in a house called the Villa Waree in the hills above Stanford, with a swimming pool and servants. It was apricot orchard country then; it is Silicon Valley today.

The family took summer trips to Europe. His father was a strong Republican — "He'd get purple with the mention of FDR's name." Mr. Cranston's interest in politics and journalism grew over dinner table conversations and when he listened to discussions between his father and the legendary San Francisco editor, Fremont Older, a progressive then in his '70s. It was Older and Pop Smith of the paper in nearby Mountain View who got Mr. Cranston started in journalism.

But Mr. Cranston's early career was not all success. "I learned more," he says now, "from setbacks than from success." He lost the "Mein Kampf" lawsuit and was sued by Haile Selassie for libel for writing that the emperor had a man sawed in half.

His play, "The Big Story," intended for Broadway, died out of town; he failed to make the 1936 Olympics, where he might have run with Mr. Owens in Berlin. Like many young reporters and staffers today, he had lots of contacts and interesting experiences, but they did not seem to be adding up to a successful career.

So in 1945, he took another path — or, rather, two of them. He decided to return to California, where he "surprised and pleased" his father by joining his business. He also met Grenville Clark, founder of the United World Federalists, and, first in California and then for two years in New York as Mr. Clark's top staffer, tried to advance the cause of world government.

The emphasis on nuclear disarmament in his presidential campaign is no accident; this has long been his foremost cause. But there is also a practical side to Mr. Cranston. He stayed in the real estate business, and in postwar California he made plenty of money; he has lived comfortably ever since, although never in the grand style of his parents.

And with an independent financial base, he also entered practical politics. He built the California Democratic Councils, a liberal group that he says was also a mechanism to prevent Republicans from winning Democratic nominations under the state's old cross-filing system. With wife and family in the car, he criss-crossed the state for the CDC.

From the early 1950s, he wanted to become a senator, but in the Democrats' landslide year of 1958, he declined to fight for the Senate nomination and instead won the office of state controller, a position whose main work was the distribution of patronage, in the form of property appraisal work. He was ousted in the Reagan landslide of 1966, and two years later took the Senate nomination, which seemed worthless until the moderate incumbent was beaten by right-winger Max Rafferty in the primary.

As a senator whose colleagues have been George Murphy, John Tunney, S.I. Hayakawa and Pete Wilson, he has been the man the big economic interests in California have sought out when they needed help in the Senate; he knows how to deliver (although he can recite a list of California defense projects he has opposed).


UPI
Alan Cranston

Mr. Cranston recounts his past in a quiet tone, the style that leads reporters to say he has no charisma. Yet he has come out at least a little ahead of where the conventional wisdom placed him in each test. His impassioned interest in nuclear issues, his cautious stands on domestic problems, these reflect the postwar Cranston. But in his decision to become a candidate, you can see again the Alan Cranston of the years before 1945, impulsive, publicity-seeking, willing to risk looking foolish and hoping for one big success.

Church Emerges as Intermediary in Chilean Crisis

By Jackson Diehl
Washington Post Service

SANTIAGO — With the growth of Chile's protest movement, the Roman Catholic Church has shifted away from confrontation with the government of General Augusto Pinochet and is emerging as a potential intermediary in the deepening crisis.

The powerful church organization long led attacks on the military's human rights violations and sheltered dissidents from General Pinochet's repression. The government counterattacked with measures ranging from the arrest and expulsion of priests to the public harassment of bishops.

After the inauguration in June of Juan Francisco Fresno as archbishop of Santiago, however, both state and church have appeared to seek a change in relations. The archbishop has focused on calls for political dialogue and conciliation, and government leaders have viewed the church as a possible aid in pacifying political opposition.

Church leaders increasingly have placed themselves in the isolated middle ground between General Pinochet and the alliance of political and labor leaders seeking his ouster.

Last Monday, Archbishop Fresno appeared to defuse a potential crisis by successfully asking General Pinochet to drop charges against a popular dissident labor leader, Rodolfo Seguel. Mr. Seguel, who was jailed by a judge after calling General Pinochet a "fanatical dictator," had been reported to be in deteriorating health after 10 days of a hunger strike.

General Pinochet and government supporters evidently hope Archbishop Fresno will rein in church activists in human rights and social movements and call for an end to five months of popular protests. The new archbishop is also under heavy pressure, however, from Santiago's priests and traditional church leaders to speak more forcefully against military repression and in support of rights for the poor and a return to democracy.

"Fresno has been given the image of a more conciliatory figure, and the political conditions have changed," said Jorge Onoso, an organizer of the Christian Democratic Party who has worked extensively with church groups. "The hierarchy is more in the center, but on the lower levels, the church people are very committed to the common people. And those sectors are the ones carrying the protest."

Since the 1973 coup that brought General Pinochet to power, the church has only appeared to grow in importance in a country whose population of 11.5 million is overwhelmingly Roman Catholic. After the military government's ban on political activity and harsh repression of leftists, the church's Solidarity Vicariate became Chile's authoritative human rights organization and its Academy of Christian Humanism sheltered hundreds of professionals and scholars fired from universities or persecuted by the government.

Under Cardinal Raul Silva Henriquez, the church also took an activist role in labor groups and slum organizations. "The result of all this is the church has a lot of influence in the poor districts," said Duncan Livingston, executive secretary of the Academy of Christian Humanism. "In all of the slums the church is looked on as a fellow traveler, the one institution that can be respected."

Until 1980, church groups were virtually the only open critics of the military government, and General Pinochet, although unable to break the church, often reacted harshly. Government officials organized regular attacks on church organizations in state-controlled media, and arrested, expelled and occasionally beat priests. By late last year, General Pinochet was refusing requests to meet with the national Catholic bishops' council, which issued a statement in December calling for a rapid return to democracy.

The change in relations this year was shaped by the Vatican's naming in May of Archbishop Fresno to replace Cardinal Silva, who was retiring, and the eruption of anti-government protests. Following unsuccessful efforts to repress the protest movement, General Pinochet's government has sought to disarm it through a program of liberalization and measured progress toward democracy.

In this effort, the government has seen Archbishop Fresno, who worked for 16 years in the quiet mining center of La Serena, as a potential key. "Our prayers have been answered," said General Pinochet's wife, Lucia, when the 69-year-old conservative was named to succeed Cardinal Silva.

General Pinochet has since conspicuously cultivated the new Catholic leader. He attended the archbishop's first Mass on June 11, then invited him to lunch and sent him a Bible on his birthday.

Pro-government media besieged Archbishop Fresno for several days before the last national protest in an effort to extract a comment on whether the demonstrations should be held. While strongly deploring violence, however, the archbishop has not taken a stand against the protests.

At the same time, the archbishop's style has raised opposition within the church. Meeting in August, Santiago priests criticized the archbishop for lowering the church's image as a defender of the poor and for allowing the government to use him for political purposes, church sources said.

Jackson Ties Campaign To Other Black Contests

By Milton Coleman
Washington Post Service

WASHINGTON — The Rev. Jesse L. Jackson is recasting his possible presidential candidacy in 1984, saying it could be more effective as a way of spearheading the election of blacks to congressional, state and local offices than of brokering black influence at the Democratic National Convention.

The new emphasis comes in the face of continued opposition to his candidacy from prominent black politicians and civil rights leaders. This opposition persisted through numerous meetings here at the 13th annual Congressional Black Caucus legislative weekend, the premier yearly gathering of the black leadership.

It also comes as Mr. Jackson has reached a critical deadline for deciding whether to run. Strong grass-roots financial and political support is apparent, but vital high-level backing is uncertain in both areas.

"No money has been raised for his campaign that I know of, and it will not be raised until he decides he is a candidate," said one Jackson supporter, Percy Sutton, a New York communications executive and former Manhattan borough president.

Until recently, Mr. Jackson's possible race was debated primarily as a way to spotlight infrequently discussed black issues, increase black voting strength nationwide and win delegates in selected state primaries to use as leverage at the nominating convention in San Francisco next July.

But Mr. Jackson's proposal has been plagued by concern among some critics that it would be a self-promotion campaign for a maverick civil rights leader who has never held public office. Moreover, many black politicians at all levels are reluctant to relinquish their own brokerage power.

Opponents have also complained that a black presidential candidate cannot win and that even a symbolic candidacy might force the Democratic platform too far to the left, hopelessly split blacks and Democrats and ultimately help reelect President Ronald Reagan, if he runs again.

Consequently, relatively few black politicians have jumped on the Jackson bandwagon publicly.

Now, Mr. Jackson is appealing for support on the ground of increased black power at the local level.

"The more we talk, the more we convince people that the issue is not just the White House," he said in an interview Sunday. "People really buy in at the level of supervisors and school board members and county board seats. Many politicians see the new enthusiasm [over a black presidential candidate] as a way of winning their races."

The thrust of the new emphasis, said Arthur O. Eves of Buffalo, deputy speaker of the New York state Assembly and a Jackson supporter, is that "Jesse doesn't take anything from anybody. He adds to the number of blacks participating."

In an effort to link black concerns with those of women and organized labor, Mr. Jackson said at a candidate forum Saturday that increased registration of Southern blacks could set off a chain reaction resulting in ratification of the Equal Rights Amendment, improved day care and fewer right-to-work, anti-union laws.


UPI
Jesse L. Jackson

Mr. Jackson's appearance at the forum underscored his ability to excite black audiences. But at other weekend sessions, his supporters encountered strong opposition to his potential candidacy.

The 20-member Black Leadership Forum and the 150-member Black Leadership Roundtable, both umbrella groups of black leaders, discussed a Jackson candidacy but took no stance.

Sources who attended a forum meeting that lasted several hours said principal opposition came from the executive director of the NAACP, Benjamin L. Hooks, and Coretta Scott King of the Southern Christian Leadership Council.

Jackson supporters told the forum, the sources said, that those who could not support a Jackson candidacy publicly should at least not attack it, as Mr. Hooks has done consistently.

White House Weighs Watt's Future After Controversy Splits Republicans

By Dale Russakoff
Washington Post Service

WASHINGTON — The future of Interior Secretary James G. Watt remains uncertain as the White House monitors political fallout from his latest controversial remarks. Conservative and moderate Republicans are split over whether his departure would hurt or help the party in the coming election year.

White House officials were expected to confer this week with Senate Republican leaders on whether President Ronald Reagan can afford to continue backing his most conservative cabinet officer after Mr. Watt's characterization of five advisers as "a black . . . a woman, two Jews and a cripple."

The assistant Senate majority leader, Theodore F. Stevens of Alaska, a conservative Republican, defended Mr. Watt Sunday as a "God-fearing man" and vowed to block a Senate resolution calling for his resignation.

The resolution, sponsored by the Senate minority leader, Robert C. Byrd, Democrat of West Virginia, is to come to the floor Wednesday, and, in light of calls for Mr. Watt's ouster by 10 Republican senators, is expected to pass if brought to a vote.

Senator Stevens's support of Mr. Watt, voiced on television, marked a break in the ranks of the Senate leadership, most of whose members have joined Democrats in sternly denouncing Mr. Watt for his remarks last week about the commission investigating his embattled coal-leasing program.

The majority leader, Howard H. Baker Jr. of Tennessee; the chairman of the Finance Committee, Robert J. Dole of Kansas, and the chairman of the Budget Committee, Pete V. Domenici of New Mexico, all Republicans, have called Mr. Watt a liability to the administration and the party. Senator Dole told Mr. Watt by telephone Friday that he believes he should resign.

Senator Bob Packwood, Republican of Oregon and chairman of the Commerce, Science and Transportation Committee, also appearing on television, said that Mr. Watt should go and that Mr. Reagan, in not firing him, has missed an important chance to show sensitivity to minority groups.

"Honest people can disagree about [Mr. Watt's] environmental policies," Senator Packwood said. "But it is not permissible to go around making . . . demeaning statements about almost every group in America. Why do we have to put up with this liability that does us no good, has got nothing to do with the environmental policies, and all it is, is an insulting embarrassment?"

The chairman of the Republican National Committee, Frank Fahrenkopf, called Mr. Watt's comment "inexcusable." But Mr. Fahrenkopf said the statement alone should not force Mr. Watt out.

Mr. Reagan, who accepted a written apology from Mr. Watt on Thursday as adequate, remained silent on the matter Sunday.

Weinberger Tells China Of Danger From Soviet, Promises U.S. Weapons

By Fred Hiatt
Washington Post Service

BEIJING — The U.S. secretary of defense, Caspar W. Weinberger, pressed the Chinese hard Monday on the need for strategic cooperation, instructing them for more than an hour about the dangers of the Soviet buildup around the world and promising them access to U.S. weapons.

The Chinese responded with cool friendliness on both counts, promising to "study his points" on the world situation and referring the weapons question to lower-level technical teams for discussion. They made clear, however, that they believe the job of military deterrence is more appropriate for the United States than for a "poor country" like China, according to a high-level U.S. official who attended Monday's meeting between Mr. Weinberger and Defense Minister Zhang Aiping.

Mr. Weinberger was on the second day of a five-day visit to China aimed at resuming the military relationship between the two countries after two years of tensions. U.S. officials would like to help modernize the Chinese Army to offset what they see as a Soviet buildup in northeastern Asia, Afghanistan and Vietnam.

The Chinese, who want access to U.S. technology in many fields, have welcomed Mr. Weinberger politely but cautiously. Mr. Zhang emphasized in his welcoming toast Sunday — and by his brief response in Monday's meeting — that China would not abandon its independent course by allying itself too closely with the United States

During their meeting Monday morning, Mr. Weinberger assured Mr. Zhang that the United States was sincere in its desire to allow China access to more advanced technology than has been permitted in the past. As a result of new regulations categorizing China as "friendly but non-allied," 32 items in which China expressed an interest more than two years ago will now be made available, Mr. Weinberger said.

U.S. officials declined to specify those items, but they said some of them were munitions. The defense secretary told Mr. Zhang that the United States would look with particular favor on defensive weapons, and the new list is thought to include anti-tank missiles and radar systems.

Mr. Weinberger said 11 more items would be made available if China provided assurances that the technology would not be passed on to third countries, a reference to the Soviet Union and North Korea.

Mr. Weinberger spent most of the morning, however, explaining the Reagan administration's view of the world, with emphasis on Soviet activities in Asia, Latin America and the Pacific.

"The Soviet buildup in the Pacific is a threat to both China and Japan," Mr. Weinberger said, according to the official account.

Mr. Zhang thanked Mr. Weinberger for his "concise briefing." "Having listened to your briefing, we will go and study your points," he replied.

U.S. officials took heart that Mr. Zhang did not mention Taiwan, saying only that points of disagreement would better be left to the foreign ministers. China's foreign minister is expected in Washington later this year.

Mr. Zhang also said, according to the U.S. official, that "we all know very well whence come the threats to China and world peace." U.S. officials saw that statement as a partial endorsement of Mr. Weinberger's exposition.

After the formal morning session, members of the U.S. delegation met with Chinese officials in working groups to discuss technology transfer and possible future exchanges of military teams.

While those working sessions were going on, Mr. Weinberger made the obligatory visit to the Great Wall. On Tuesday he was scheduled to visit a Chinese Army garrison and meet with Prime Minister Zhao Ziyang.

United Press International

WASHOUT — Rains in the northern Japanese island of Hokkaido washed out a road near the city of Noboribetsu. About 1,500 houses were flooded in the area.

Marcos Vows to Revamp Commission on Aquino

Compiled by Our Staff From Dispatches

MANILA — President Ferdinand E. Marcos announced Monday that he would reorganize the commission investigating the assassination of Benigno S. Aquino Jr., the opposition leader.

Mr. Marcos, in a nationwide radio and television address, offered to revamp the fact-finding commission, which has been widely criticized, saying he wants a "free, impartial and objective" inquiry. Mr. Aquino was killed as he returned home last month from self-exile in the United States.

"If necessary, I intend to strengthen the commission," Mr. Marcos said. "If the commission is of the belief that there should be more members, I will consider the matter and ask perhaps two members of the Batasang Pambansa [parliament] to participate."

Meanwhile, about 1,600 extra troops and tanks have moved to Manila in a show of force after anti-government riots, triggered by Mr. Aquino's murder, and to boost security for President Ronald Reagan's visit in November, according to military and diplomatic sources quoted by Reuters.

Two battalions of soldiers have been airlifted to a military camp on the outskirts of Manila and tanks have also been brought in after the worst violence since martial law was imposed 11 years ago, they said.

Ten persons were killed and more than 150 injured when security forces clashed with demonstrators trying to force their way through to President Marcos's palace last week.

The political opposition, which has called for Mr. Reagan's visit to be canceled, has said it will press ahead with demonstrations against the U.S. president despite a security clampdown and a ban on unauthorized rallies.

Diplomats said the visit, scheduled for Nov. 5 and 6, would go ahead despite fears for Mr. Reagan's safety.

"The only scenario I can really see is Marcos disinviting Reagan by saying the timing is inappropriate in view of the unrest. But Marcos is not that sort of man — when challenged, he comes out fighting," said one diplomat quoted by Reuters.

Agapito Aquino, brother of the slain politician, told United Press International that an offer of protection by Mr. Marcos for 11 witnesses, whose accounts run counter to the government's version of the assassination, was "impractical." The government said Mr. Aquino was killed by a hired gun who was shot to death by soldiers seconds later.

"You believe that anybody is brave enough or crazy enough to go under the protection of Marcos?" he said. "What guarantee do we have, Marcos's?"

Mr. Marcos, whose television appearance was his second in two days, said street violence was inspired by "communist partisans, gangsters, vandals, thugs and other subversives."

Western Air Boycott Has Hampered But Not Halted Trips to Soviet Union

Reuters

MOSCOW — The Western air boycott of the Soviet Union has inconvenienced travelers but presented no insurmountable difficulties, tour operators and diplomats say.

Tourists and businessmen from around the world continue to visit the Soviet Union, traveling on East European airlines or with one of the two Western carriers still flying to Moscow, Air France and Austrian Airlines.

Western airlines and governments called the boycott, some for up to 60 days, after a Soviet fighter shot down a South Korean airliner carrying 269 people on Sept. 1.

Many nations, including Britain, Switzerland and West Germany, also banned the Soviet airline Aeroflot from flying to and over their territory.

The French Consulate in Moscow said the boycott took some travelers by surprise, but the overall picture was now one of inconvenience rather than chaos.

Alexander Sinchenko, head of the protocol department at the Soviet state travel bureau, Intourist, said, "There has been absolutely no effect at all on the number of tourists here." Intourist handles 10,000 foreign visitors every day, Mr. Sinchenko said.

U.S. tour operators said in a report prepared for the government that travel between the United States and the Soviet Union has been only slightly affected by the air boycott.

U.S. travelers have had no direct link with the Soviet Union since December 1981 when President Ronald Reagan stopped Aeroflot and U.S. airline flights between the two countries to protest the imposition of martial law in Poland.

West German travel agents said they had canceled trips to the Soviet Union for the duration of the ban, but customers who insisted on going ahead with their visits were given flights via East Berlin.

"We have been staggered how many people insist on going through with the journey despite the obvious inconvenience of the stopover in Berlin," said a spokesman for the West German travel firm Neckermann.

A West German trade association spokesman said, "The sanctions are easily circumvented and those who need to get to Moscow are simply flying via East Berlin, Warsaw, Budapest or even Paris."

The East German Transport Ministry said a large number of the 11 daily flights between Moscow and East Berlin were being doubled up, with two planes leaving on the same flight number.

Air France and Austrian Airlines reported not much change in their business, even though they now offer the only Western flights out of Moscow.

British travel agents say they have been badly hurt, with four of the five major operators of Soviet vacations affected by the ban on Aeroflot flights to Britain and one by the suspension of British Airways traffic to Moscow.

The Soviet media have portrayed the boycott as a U.S. ploy to undermine competing Western airlines and have said Soviet flights are running normally despite the ban.

No mention has been made, however, of the circuitous routes Aeroflot planes are taking via Budapest, Algiers and Marseilles to reach Paris without flying over Switzerland and West Germany.

■ **Travel Agents Assail Soviet**

The American Society of Travel Agents, holding its 53d world congress in Seoul, condemned the Soviet downing of the South Korean airliner Monday as an unjustified action threatening the safety of travelers.

The society, which has 20,000 members in 128 nations, passed a resolution accusing Soviet military forces of attacking a civilian plane with 269 people "who did not pose any threat to the lives of others."

French Navy Offices Bombed

The Associated Press

PARIS — Bombs exploded outside French Navy recruiting offices here Saturday and Monday, causing some damage but no injuries, police said. In a message sent to a news agency, the banned terrorist group Action Directe claimed responsibility for the second blast, near the St. Lazare railroad station. It condemned France's military action in Chad and Lebanon.

Spain: Is Socialists' Honeymoon Over?

By Brian Mooney
Reuters

MADRID — Spain's Socialist government, which appeared almost unshakable when it took power with a four-year mandate after a landslide election victory last October, has begun to look just a little vulnerable.

Two potentially damaging cracks have emerged in less than a week, with a disgruntled army general openly defying the government and trade unions threatening nationwide strikes.

At the same time, Prime Minister Felipe González submitted himself to a bruising three-day debate in the legislature, the Cortes, in which his administration came under concerted fire from opponents of both the left and the right.

But despite the tone of the attacks, the Cortes was the 41-year-old prime minister's least concern. His Socialist Workers' Party commands an absolute majority in the lower house, the Congress, with 202 of the 350 seats.

More troubling was the pressure outside the Cortes — from sectors of the armed forces still apparently unreconciled to Spain's new democracy and from workers not willing to go along with the Socialists' austerity measures.

Political sources said both developments were a jolt to the government, which was just congratulating itself on achieving an initial success in turning the tide of economic recession.

Discontent in the barracks, which came to light with the publication of a magazine interview with a senior army general who was critical of the government, raised yet again the specter of a military coup in Spain.

Most Spaniards had put such thoughts out of their minds since the Socialists took office in December and embarked on a course of moderate reform in the style of social democrats.

But the picture changed with a recent campaign for clemency for officers imprisoned for taking part in a spectacular but abortive coup in February 1981. The campaign culminated in an interview given by the commander of the Valladolid military region, Lieutenant General Fernando Soteras Casamayor.

General Soteras said a majority of fellow officers wanted the coup plotters freed and also described a hypothetical case in which he said the armed forces would be justified in seizing power.

Mr. González reacted by sacking General Soteras. And he sounded a warning in the Cortes against military meddling in politics.

His warning was echoed by Spain's most influential newspaper, El País, which said that his government should not underestimate the threat from the military.

"I would not be surprised if some element of the army tries to launch another coup," commented Xavier Arzallus, president of the Basque National Party.

The government insists, however, that there is no danger of an army rebellion. It dismisses assertions that Spain's young democracy is being held hostage by the military.

But the government did face what amounted to open factory rebellion when workers at a state-owned steel mill in the eastern port of Sagunto defied orders to leave their jobs.

Management sacked or suspended the 160 men involved when they continued production of rail tracks and construction girders after a decision had been made to close down their section of the Altos Hornos del Mediterraneo plant.

The closure was part of a major overhaul of industry aimed at streamlining the state sector before Spain enters the European Community at a target date of 1986.

More than half the 4,000 workers at Sagunto are expected to lose their jobs under the reorganization, which the government insists is essential if Spain's state industry is to be modernized and made competitive.

The tough response to the workers' defiance, relayed through the state holding company INI, which operates the plant, stressed the importance the government attached to the reform.

NEWS ANALYSIS

INI followed up the notices of dismissal with a threat to close the entire plant if the illegal work-in continued.

But the government was confronted with equally awesome threats. The Communist-led Workers' Commissions trade union movement said it would call strikes throughout Spain unless the dismissal orders were withdrawn.

The two sides later reached a compromise, but the incident left a scar. It marked the first time that the trade unions had flexed their muscles since the Socialists came to power and was seen as a reminder to the government that it would have to tread more carefully in carrying out the unpopular economic measures it says are needed to guarantee economic recovery.

Madrid Seeking to Loosen Influence Of Catholic Church on School System

United Press International

MADRID — The conflict between Spain's 10-month-old Socialist government and the Roman Catholic Church broke into the open Monday in a confrontation over control of the school system.

The Cortes, or parliament, was scheduled to begin considering a law to loosen the church's influence on education in Spain, which is 95 percent Catholic.

At the same time, the Catholic Bishops Committee on Education called an emergency session to decide whether to obey a government order that the church withdraw two elementary school religion textbooks containing strong anti-abortion language.

The Education Ministry on Friday banned the two books from Catholic and other schools that receive direct public funds, saying the church printed and distributed the texts without the required government approval.

Education officials said they had been negotiating over the language with church representatives when they learned that the books already had gone to press.

Government officials said the dispute was purely jurisdictional. But it was colored by Socialist plans to allow abortions for the first time in Spain despite strong ecclesiastical objections.

Both the education reform and abortion bills are assured of passage this fall by the Socialist majority in the Cortes.

The president of the bishops conference, Gabino Diaz Merchan of Oviedo, said over the weekend that the church would not comply with the government order.

He said the order "would represent censorship and would go against the treaty signed [in 1979] between the Spanish state and the Vatican."

The 1979 concordat was negotiated to define the church's role in Spain following the death of Franco, under whose regime Catholicism was the state religion.

The new scholastic law being considered by the Cortes is aimed at giving the government more control over the curriculum of state-subsidized schools. It also would provide for parents and students to sit on school councils with a role in administration.

The Associated Press

King Leopold III signing abdication papers on July 16, 1951, with Prince Baudouin, at right.

Former King Leopold III of Belgium, Who Abdicated in 1951, Dies at 81

The Associated Press

BRUSSELS — Former King Leopold III, 81, who abdicated to his son Baudouin 32 years ago, died Sunday of heart failure, the royal palace said Monday.

Life of Misfortune

New York Times Service

The life of Leopold was marked by misfortune, from the early deaths of his father and first wife to his abdication because of alleged Nazi sympathies.

He ascended the throne in 1934 at the age of 32 after his father, King Albert I, was killed while mountain climbing. Leopold's wife, Queen Astrid, was killed in an automobile accident in Switzerland a few months later when the sports car he was driving hit a tree.

And in 1951, when violence broke out in Belgium over whether he should return to the throne after surrendering to the Nazis in 1940 against the advice of his ministers, the king abdicated in favor of his 20-year-old son, Baudouin.

Leopold was born in Brussels. He attended Eton and was trained later in Belgium for military service. On Feb. 23, 1934, six days after his father's death, Leopold became king amid an atmosphere of good will and with a youthful image that endeared him to his people.

An autocrat who favored the counsel of confidants to government officials, Leopold was suspected of Nazi sympathies when he surrendered the Belgian Army in May 1940, although most historians later said he had little choice given the speed with which the Germans were overrunning Europe and the small size and limited firepower of the Belgian Army.

After the surrender to the Germans, Leopold again ignored advice and chose to serve out the war as a prisoner rather than flee to England and head a government in exile.

In December 1941, while a prisoner, he married Marie Liliane Baels, a London-born commoner. He gave her the title of Princess de Rethy with the understanding that neither she nor her children could assume the throne.

The royal couple were liberated by Allied troops in Austria in May 1945 but the king did not immediately return to Belgium, naming his brother, Prince Charles, as regent while he moved to Switzerland.

He declared that he would not return until those who had been his ministers in 1940 apologized publicly for having counseled him to flee from the Nazis. The government refused.

He opposed the Communists and Socialists who came to power after the war, and they opposed his return in 1950, although he won the support of 60 percent of the voters in a plebiscite on whether he should return.

The margin was considered too small and riots broke out in Brussels and other cities. When Leopold returned to Brussels, troops were needed to ensure his safety and civil war was threatened by leftists and others.

The Socialists rallied government support and a compromise was reached so that Leopold delegated his powers to his son, Prince Baudouin, and abdicated on July 16, 1951.

He continued to live in Belgium and enjoyed the courtesy title of king of the Belgians.

Ruth Carter Stapleton

FAYETTEVILLE, North Carolina (AP) — Ruth Carter Stapleton, 53, sister of former President Jimmy Carter, died Monday of cancer of the pancreas, her husband said.

Mrs. Stapleton, an evangelist from Fayetteville, was diagnosed in April as having cancer. She had said she would forgo medical treatment and would rely on her faith in God to help her.

Dame Isobel Baillie

LONDON (AP) — Dame Isobel Baillie, 88, a noted oratorio soprano and the only British singer to appear three times with the conductor, Arturo Toscanini, died in a Manchester hospital Saturday, the BBC reported Sunday.

Dame Isobel was among the best known and loved of all British sopranos and sang in Handel's "Messiah" more than 1,000 times. Toscanini chose her for performances of Brahms's "Requiem."

Paul Jacobs

NEW YORK (AP) — Paul Jacobs, 53, a major interpreter of 20th century keyboard music and official pianist of the New York Philharmonic, died Sunday.

A graduate of the Juilliard School of Music and student of Ernest Hutcheson, Mr. Jacobs premiered the works of many 20th century composers, including Karl Heinz Stockhausen, Luciano Berio and Hans Werner Henze.

■ *Other deaths:*

General Harold K. Johnson, 71, U.S. Army chief of staff from 1964 until his retirement in 1968, of cancer Saturday in Washington. He was a survivor of the Bataan death march in 1942.

Brigadier General Harrison R. Thyng, 65, an air force flying ace in World War II and the Korean War, Saturday in Pittsfield, New Hampshire.

Bonn Opposition Is Turning to Polls To Illustrate Anti-Missile Sentiment

By James M. Markham
New York Times Service

BONN — As the partisan debate sharpens over the projected stationing of U.S. medium-range missiles in West Germany, opposition politicians are increasingly resorting to opinion polls to demonstrate that an overwhelming majority of the country is against the new weapons.

Earlier this month Willy Brandt, leader of the opposition Social Democratic Party, unveiled a new survey by the Munich-based polling organization Infratest showing that 66 percent of 1,765 people queried were against deployment if the Soviet Union and the United States failed to reach an arms accord in Geneva.

Only 31 percent, Mr. Brandt said, were in favor of deployment, and, among members of the governing Christian Democratic Party, 52 percent were against the new missiles and only 46 percent in favor.

For the Social Democrats, who have moved toward a softer line on security issues since being beaten in the March general election, such polls are evidently a source of solace.

"They think they're immersing themselves in a great populist movement," said Klaus Liepelt of the Infas polling group in Bonn.

The propaganda use of such polls is evident. In a highly publicized letter to Social Democratic legislators, Yuri V. Andropov, the Soviet leader, alluded last week to another poll that found 72 percent of the West German population against the new missiles.

In private, both politicians and pollsters are skeptical about what the missile polls really demonstrate.

"It all depends on how you formulate your question," said a government official. "If you ask a German, 'Are you in favor of rockets?' a very high percentage will say no. If you formulate it differently, you will get a different answer."

Mr. Liepelt sees the polls as saying more about human ambivalence than policy options. "People don't like rockets but they don't like to be defenseless," he said.

One of the most intriguing findings of missile polls is that an extremely high percentage of respondents express strong support for the North Atlantic Treaty Organization, even while rejecting the alliance's nuclear modernization program.

The poll disclosed by Mr. Brandt, for example, found that 67 percent of those against the new missiles were also in favor of NATO membership.

"We know that the word NATO is positively valued," said Dieter Roth of the Forschungsgruppe Wahlen organization in Mannheim. "When you bring the word NATO into play, you get a better result than when you don't use it."

Asking simply what should happen if the Soviet-U.S. Geneva talks fail, a poll for West German television found 72 percent of the population in favor of more talks and no missiles.

"These figures," a commentator said, "show clearly that there is a distance between the official German security policies and the majority opinion of the population."

But Elisabeth Noelle-Neumann of the Allensbach polling group, which has good ties with the government, challenged that finding with one of her own based on a more complicated question: "If there is no agreement at the end of October in Geneva — and the Soviet Union continues to keep its SS-20 missiles aimed at Europe — should then Pershing-2 missiles be deployed in the Federal Republic, in keeping with NATO's two-track decision, or should they not be deployed?"

The poll found 40 percent against deployment, 37 percent in favor and 23 percent undecided.

Another Allensbach formulation gave respondents the choice between either accepting deployment or leaving NATO. Under these conditions 46 percent favored accepting the missiles, and only 22 percent said they would leave the alliance.

Teamsters Leader Prefers Reagan to Mondale in 1984

New York Times Service

WASHINGTON — The Teamsters will support President Ronald Reagan in 1984 if he is running against Walter F. Mondale, according to Jackie Presser, president of the truckers' union.

Mr. Presser's comments on the presidential race last week put the nation's largest trade union at odds with almost all other U.S. unions. The leaders of the 96 unions in the American Federation of Labor and Congress of Industrial Organizations are expected to endorse Mr. Mondale for the presidency at a meeting in Florida that begins Saturday.

The Teamsters union, which does not belong to the AFL-CIO, was one of the few labor groups to support Mr. Reagan in 1980, and Mr. Presser said the union, which claims a membership of 1.8 million, remains committed to him.

Mr. Presser said he and other Teamster leaders believe Mr. Reagan deserves praise for lowering interest rates and for other economic improvements, and he said the president's next responsibility must be to reduce unemployment.

He predicted that Mr. Reagan could easily defeat either Mr. Mondale, who was vice president under Jimmy Carter, or Senator John Glenn of Ohio, another candidate for the Democratic presidential nomination who is receiving some labor support.

Herald Tribune INTERNATIONAL
Published With The New York Times and The Washington Post

Brazil's Risky Game

The Brazilian Congress has rejected, by a 252-to-1 vote, a bill to hold down wage increases. That is a bad omen. The defeated bill is not part of the economic stabilization program Brazil worked out with the International Monetary Fund, and perhaps the Brazilian congressmen thought killing it was a costless gesture. But it seems to show rising resistance to the more stringent restraint on which the IMF agreement depends. The vote on that legislation will probably come in October.

Like the U.S. Congress, the Brazilian Congress prefers to deal with the international debt crisis as though it were purely a domestic issue. In Washington, congressmen vote against strengthening the IMF in order, they happily think, to punish American banks. In Brazil, congressmen vote against wage restraint because it will mean, at least temporarily, a drop in living standards.

There is a lot of nationalistic talk in Brazil about a moratorium on repayment. Since Brazil is perhaps a couple of billion dollars in arrears on its payments, it has already fallen into an undeclared moratorium. Relations between lenders and borrowers are increasingly taut. Reports from Brazil suggest a rising inclination there to joust with the IMF in a test of nerve and will. That temptation needs to be resisted. It would raise the chances that one of the American creditors might break ranks and rush into a U.S. court to try to seize Brazilian assets in the United States. If that happened, other creditors would feel compelled to do the same thing, if only to protect their positions in the eventual settlement.

Brazilian politicians, other than the financial specialists, evidently do not fully understand that the Reagan administration would have no control over that process. It would go forward in the courts, and not only U.S. courts. It would escalate rapidly into a worldwide competition to attach Brazilian cargoes, ships, planes and bank accounts. People in other countries would suddenly find themselves risking litigation simply by doing business with Brazilian companies.

A primitive and isolated country might hope to ride out that kind of legal attack. But Brazil ranks eighth worldwide in manufacturing output, and 14th in exports. Cut off from international credit and trade, its economy would go into paralysis, with truly dire consequences for standards of living. The effects on the U.S. economy would also be severe, as a major foreign customer disappeared and ripples of panic ran through the credit markets.

Brazil was living for a time on foreign loans, and as foreign lending drops there will be an impact on Brazilian life and incomes. That is inevitable. The crucial thing is to keep lines of trade and credit open, and get the buoyant Brazilian economy expanding again as rapidly as possible. The creditors and the IMF have a responsibility to keep working with Brazil. Conversely, Brazil has a responsibility to keep working with the IMF.

— THE WASHINGTON POST.

A Victory on Marti

If the White House will now let well enough alone, it can claim a victory in the vexed matter of Radio Marti. That is the name of the station President Reagan dearly wants in order to wage propaganda war againt Fidel Castro. But he has failed to show the need for an independently operated station, or any way that American broadcasters could be protected against Cuba's retaliatory jamming.

So the Senate has produced a sensible-looking compromise. It would make Marti part of the Voice of America, which has the needed traditions of professionalism and accountability. Indeed, from 1961 until its budget was cut in 1974, the Voice beamed special daily programs to Cuba. In addition, the Senate would provide for compensation to any domestic station troubled by Cuban counteraction.

But instead of claiming victory, the White House is crying foul. It wants a separate station, run by its special appointees, spending public money but with limited accountability. That says something about the fixation with Cuba in the office of William Clark, the president's national security adviser. He has tried to unglue the Senate compromise — over the protest of Howard Baker, the Republican majority leader.

It is not love of Castro but a greater sense of care that explains the resistance to Radio Marti in Congress. Cuban ears need no special assault; most can already tune in Spanish-language (and anti-Castro) broadcasts from Florida. By concurring with the Senate compromise, the House could assure that the War for Cuba's Ear will be fought in ways Americans can applaud.

— THE NEW YORK TIMES.

Deficit Thinking

Treasury Secretary Donald Regan is busy playing the administration optimist these days, crowing about recovery and brushing aside calls for a future tax increase. Martin Feldstein, the president's economic adviser, looks at the same glass and claims it is half-empty. He says the prospect of huge deficits in 1984 and beyond is reducing exports, holding up interest rates and slowing capital formation. What is needed, Mr. Feldstein argues, is a big tax increase effective in October 1985.

There may be political method to President Reagan's apparent indifference to this open conflict. Financier Regan gets to sell the good economic news, while signaling congressional Republicans that the administration will not press for an unpopular tax increase before the election. Scholar Feldstein works the other side of the political street, reassuring the president's friends on Wall Street that the administration still believes deficits are horrible.

Having it both ways may temporarily be good politics. But unless Washington commits itself to something like the Feldstein approach, it is bad public policy. Some variation of a contingency tax is clearly needed to sustain the recovery. The fact that it would be hard to enact does not give the nation's leader the right to go fishing.

The fiscal 1983 deficit is expected to be a record $200 billion. That is good, not bad: The extra spending power thus created means more factories working, more workers at work. What worries both liberal and conservative economists is that once output approaches capacity, the remaining "structural" deficit will still be a whopping $100 billion.

If the Federal Reserve creates sufficient credit to accommodate the government's borrowing needs, the economy will overheat and the result will be inflation. If the Fed hangs tough, immense new government borrowings will crowd out private borrowers, reducing private investment and leaving American business hopelessly uncompetitive in world markets. That is why the administration's January budget plan called for a $40-billion to $50-billion tax increase, effective October 1985, unless the "structural deficit" is sharply cut.

One can argue about the specifics of the contingency tax: when it should kick in, who should pay it. But clearly the time to face up to the underlying problem is now. At worst, by 1985, the tax increase might prove unnecessary, and Congress could repeal it.

Meanwhile, rapid enactment might produce immediate benefits. The legislated promise might well lower interest rates, improve the foreign trade balance and spur productive investment. The glass can, and should be, less than half-empty and more than half-full.

— THE NEW YORK TIMES.

Other Opinion

A Vicious Cycle

After long years of repression and humiliation, a normally patient and tolerant people — suddenly galvanized by a political murder — descends into the streets to shout its anger and disdain before the palace walls. Behind the walls, a dictator and his underlings, worn by age and by 20 years of absolute power, gorged on luxury but discredited by failure, dig in and give the order to fire.

In the background, a powerful ally, a democracy with global interests, remains silent, or else discreetly comforts — as always — those whom the people reject.

This ally, associated with the city-dwelling elite, supports the military in its fight against the growth in the countryside of an armed communist movement. But the movement feeds on rural underdevelopment, social injustice and the repression encouraged by this U.S. support of the military. It is a vicious cycle.

— R.-P. Paringaux in Le Monde (Paris).

Hong Kong's Future

Britain is making political mileage out of the ailing Hong Kong dollar. It is seen as a sign that the colony's prosperity could not be maintained without some form of British administration. The Chinese have been displaying increasing irritation at these inferences. The people of Hong Kong can look forward only to a spate of increased prices.

— The Bangkok Post.

FROM OUR SEPT. 27 PAGES, 75 AND 50 YEARS AGO

1908: Manchuria's Interest

MOUKDEN, Manchuria — Intense interest in the proposed American-Chinese alliance is manifested by officials, gentry and merchants throughout Manchuria, the theater of the sharpest conflict between Chinese and Japanese officialdom. Since the war, Japan's veto on the Hsin-Min-Tun Railway extension and the refusal to recognize Chinese rights in the Fushun mines and other property have exasperated the Chinese officials, while the domineering attitude of Japan's nationals toward the natives has provoked deep resentment. Discussing the alliance at Government House, His Excellency Liang-Ju-Hao, Acting Governor of the Feng Tien province, said, "China has the friendliest feelings toward America."

1933: Wave of U.S. Strikes

NEW YORK — The drive of organized labor under the [National Recovery Administration] guarantee of the right of employees to organize for collective bargaining has resulted in strikes throughout the industrial East and Middle West. They involved Ford Motor Co. for the first time when between 4,000 and 5,000 workers laid down their tools today and walked out of the company's plant at Chester, Pennsylvania, as a protest against the recent order of the company shortening working hours from a five- to a four-day week. Spokesmen for the strikers said the four-day week with a minimum wage of 50 cents an hour had reduced wages to $16 a week. They demand a five-day week with a minimum wage of $5 a day.

INTERNATIONAL HERALD TRIBUNE
JOHN HAY WHITNEY, *Chairman 1958-1982*

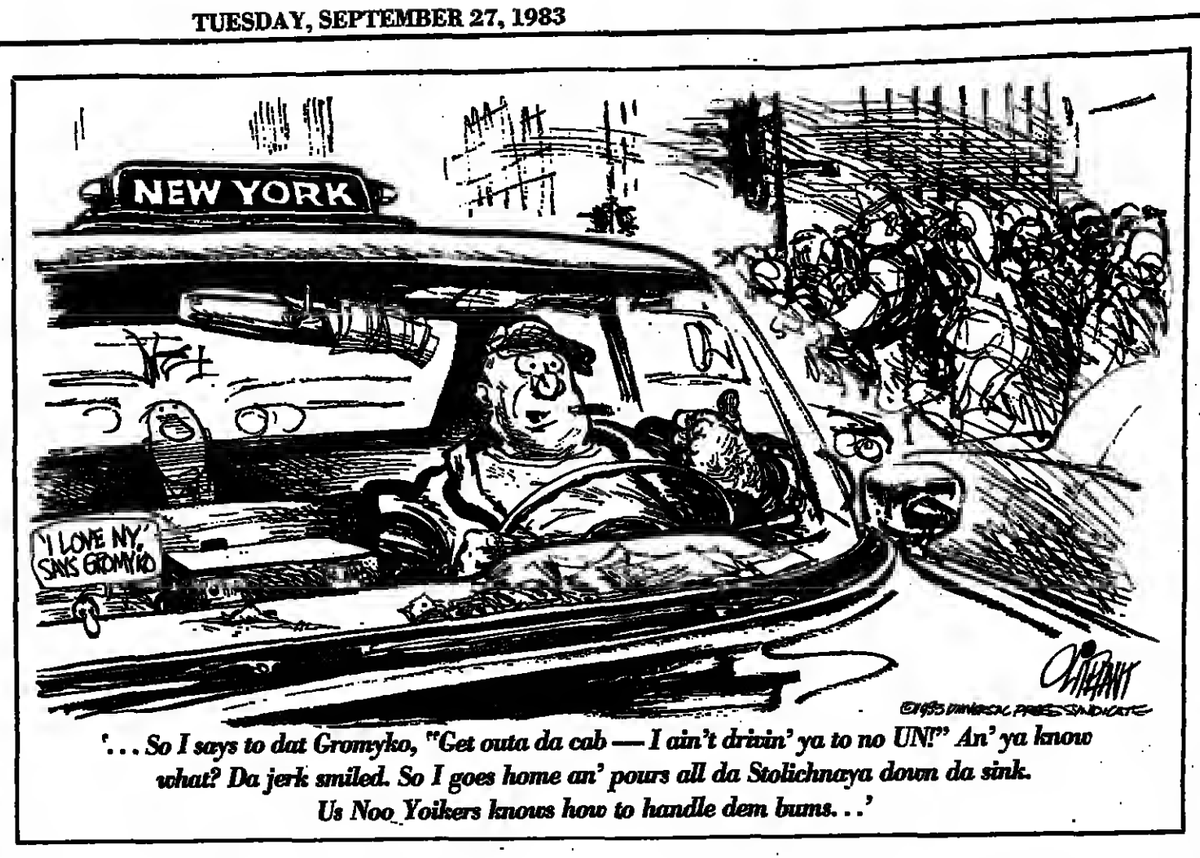
KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
Co-Chairmen

LEE W. HUEBNER, *Publisher*

PHILIP M. FOISIE, *Executive Editor* — RENE BONDY, *Deputy Publisher*
WALTER WELLS, *Editor* — FRANÇOIS DESMAISONS, *Director of Circulation*
ROBERT K. McCABE, *Deputy Editor* — RICHARD H. MORGAN, *Director of Advertising*
SAMUEL ABT, *Deputy Editor* — STEPHAN W. CONAWAY, *Director of Operations*
CARL GEWIRTZ, *Associate Editor*

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Telephone 747-1265. Telex: 612718 (Herald). Cables Herald Paris.

Directeur de la publication: Walter N. Thayer.
Gen. Mgr. Asia: Alain Lecour, 24-34 Hennessy Rd. Hong Kong. Tel. 5-285618. Telex 61170. Managing Dir. U.K.: Robin MacKichan, 63 Long Acre, London WC2. Tel. 836-4802. Telex 262009. S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 34231. U.S. subscription: $280 yearly. Second-class postage paid at Long Island City, N.Y. 11101.



'... So I says to dat Gromyko, "Get outa da cab — I ain't drivin' ya to no UN!" An' ya know what? Da jerk smiled. So I goes home an' pours all da Stolichnaya down da sink. Us Noo Yoikers knows how to handle dem bums...'

Keeping Peace: Governments Are No Help

By Barbara Tuchman

GREENWICH, Connecticut — Armaments are not the cause of war; they are the instrument. The intentions behind them are the cause. These may be expansion — territorial or ideological or both — paranoia, master-race delusions, fear, old rivalries and hatreds or any combination of the above, but some human mental-cum-emotional process must take place. Armaments, whether nuclear or conventional, do not trigger themselves nor (contrary to popular fears) go off by accident. Active intent must be present.

Recognition of this obvious, if sometimes overlooked, fact suggests that if we are to prevent war we must find or develop some form of political accommodation with the nation we perceive as the major threat. Or, failing that, some firm, consistent national policy, steadily pursued, which can endow us with the steadfastness to wait out in nonbelligerence the paranoid phase in the Soviet Union's history, no matter how long it takes.

Accommodation has now, of course, been made infinitely more difficult by the affair of the Korean airliner, both by revealing the extremes of Soviet paranoia and by exciting the hawks and howlers of Red Scare and raising the doubts of even reasonable people. How deep the effect will be or how long it will last one cannot know, but whatever the case, the necessity remains of some minimum basis for nonbelligerent co-existence, for without it any meaningful arms control or reduction will be unachievable.

While nations are mutually hostile and distrustful, they are not going to disarm or seriously reduce their arsenals. Throughout the 20th century's many efforts since the first Hague Disarmament Conference of 1899, control of war in the form of disarmament or limitation of arms has been a fruitless effort.

The League of Nation's efforts during the 1920s and '30s repeatedly foundered on the issue of security before disarmament. No nation was *prepared to sacrifice a weapon without* the assurance of "security." Even the Encyclopedia Britannica in its latest edition was shaken out of its usual composure to the outspoken admission that the effort for disarmament in our time has been "spectacularly unsuccessful."

The failure suggests that we should try another way. Control of nuclear war is too serious a matter to be left any longer to governments. They are not going to get it for us; in fact, they are the obstacle. As President Eisenhower recognized in that oft-quoted remark, "People want peace so much that one of these days governments had better get out of the way and let *them* have it."

Today, the widespread fear of nuclear war may be a new element that will make the difference. It is the only motive power that could compel us toward the control of war that all the efforts of the last 80-odd years have not secured. It is an instrument, moreover, in the hands of the public.

Governments are, of course, made up of human beings who know fear no less than ordinary mortals. But the trouble with governments is that they are moved by too many other considerations. Policy-makers become trapped in illusions of power, individual status-seeking and self-image, vested interests, ideologies. As a result, fear has no room to energize common sense. Governments, I have concluded, cannot be looked to for genuine disarmament or meaningful arms control.

Let us acknowledge it: The American and Soviet governments have no real desire to limit nuclear arms. They go on talking about it, as they are now at Geneva, and this is useful because it keeps the dialogue going, but the intention behind the talks is questionable.

The two sides have got themselves into such a bind of mutual suspicion that they cannot divest themselves of a single missile. That will take a revolutionary change of attitude.

The principle necessary for such a change was stated by Salvador de Madariaga of Spain, chairman of the League of Nations Disarmament Conference of the 1930s. Summing up his experience, he wrote in his memoirs that the causes of the quarrel must be eliminated first before disarmament can take place.

"The trouble with disarmament," he wrote, "was that the problem of war is tackled upside down.... Nations don't distrust each other because they are armed; they are armed because they distrust each other. And therefore to want disarmament before a minimum of common agreement on fundamentals is as absurd as to want people to go undressed in winter. Let the weather be warm, and people will discard their clothes readily and without committees to tell them how to undress."

Mr. Madariaga's metaphoric warm weather is now further off than ever. So nuclear freeze proponents and other arms control movements must maintain their conviction and their impetus as a means of keeping pressure on government. Regardless of all the arguments for and against freeze and kind of deployment and decoupling and counting warheads or missiles, these complexities are essentially immaterial. The ultimate objective must be kept in view; not to control weapons per se but to control war.

Through existing anti-war organizations, national and local, statewide and town-based, myriad in variety and membership, the public voice must continue to make itself heard. Throughout Europe and the United States it has been growing; it must not now falter or fade. It is not united nor a consensus (the only consensus in a democracy is that of the grave) but it is the only check we have on the imbecility of governments.

One lesson has been learned, at least in the United States, since Vietnam: The executive cannot conduct a war without public support or against the national wish. The course we take rests with the people and their votes.

The writer, a Pulitzer Prize-winning historian, contributed this comment to the Greenwich (Connecticut) Time.

In Dealing With Russia, Silence May Be Golden

By William F. Buckley

NEW YORK — It is a pity, in one way, that Andrei Gromyko will not be coming to New York, where he might be made to feel a little of the public disfavor he and his colleagues have cultivated by their insouciance in the matter of knocking 269 passengers down over the Sea of Japan.

If Mr. Gromyko had wanted to come, he could have arrived by military airplane, and we could publicly have pledged not to shoot him down.

Now, it is being said that the rupture with the Soviet Union is not something likely to be made whole before the next election; that it could extend for months and cause a real break in relations between the two countries. All of this is said in a spirit of trepidation.

And this is a good moment to ask: Why? Why do we need the hectic diplomatic acitivity we have been carrying on with the Soviet Union roughly since World War II? If John Maynard Keynes were commenting on it, he might make the point that this is the diplomatic counterpart of pyramid-building — a way of keeping our diplomats employed. But of what other use has it been?

Suppose, to use an analogy, that during the past 20 years you had risen early to water a row of plants in your garden, which then went on to flower fitfully, causing you from time to time to redouble your efforts, confident that the more water the plants got, the more prodigiously they would fructify. Then one day you became ill and were bedridden for six months. When released from confinement, you drag yourself forlornly to your garden and there, with astonishment, you see a veritable fairyland of flowers!

I do not suggest that, in dealing with the Soviet Union, we will ever see a fairyland of anything at all. But here is something we should remind ourselves of. Everyone fosters his own superstitions, and one of America's most confident superstitions is that talking with the Soviet Union produces peace and quiet. It doesn't.

Ask U. Alexis Johnson, who met several hundred times with representatives of the Chinese communists during the '50s and '60s trying to explore the question of Americans missing in Korea. Ask Henry Kissinger, who met two dozen times with North Vietnamese in Paris, only to receive the same lecture at every meeting.... Then, one day the Chinese Communists were ready to meet with Mr. Nixon and proceeded to do so. And the North Vietnamese one day decided they would make a deal with Henry Kissinger and proceeded to do so. And maybe one day Mr. Gromyko will decide to make a deal with the American disarmament negotiator Paul Nitze — at which point he will proceed to do so. And that moment will come irrespective of whether it is preceded by parades of meetings in Geneva, at the UN, in Washington or in Moscow.

What is it that we want? Same old thing, peace with security. Why do we need to meet with them about this? We have said we would disarm to the extent we can do so without jeopardizing our security or that of our allies. Why is that so complicated?

If they want to say that one Backfire bomber equals one and three-fourths B-52s, or vice versa, let them say it. We can respond telegraphically, or through intermediaries. Meanwhile, we have urgent business ahead of us, namely, to deploy in Western Europe missiles that substantially countervail the stuff the Russians have been planting there during the months and years they have been engaging our attention at the diplomatic gaming tables.

Universal Press Syndicate.

A Deeper, More Dangerous Cold War

By William Pfaff

PARIS — Dr. Samuel Johnson once inquired, "Must helpless man, in ignorance sedate, roll darkling down the torrent of his fate?" It is the most urgent question of our day. The Soviet-American struggle seems interminable, casually murderous — as over Sakhalin, and in bloody Lebanon — possibly preparing a spectacular, *if terminal, climax.* The widespread perception that we are on a sinister track, powerless to change, is an increasingly important political datum, responsible for a deepening crisis.

The Cold War began in basic issues of security, in a struggle over the political fate of the Central and East European states. It was an active struggle with an uncertain outcome from 1944, when the Soviet Union began installing its own people in command of the East European nations, to 1953, when the East Germans rose against the Russians, and the Western powers failed to intervene. It was definitely over when the Hungarian Revolution was overturned in 1956. The lines in Europe had been drawn, and accepted.

After that, the Cold War became something different, mainly a jostling for influence by the United States and the Soviet Union in the Third World countries, along with a mutual buildup of strategic nuclear forces possessing less and less utility for anything but extermination.

All of this to what end? The common answer in Washington has been a large and necessarily theoretical statement: that it will decide whether freedom or despotism prevails in the world. *This answer* consists of much cant around a core of fact.

It is cant because in the future, freedom — defined as democratic political practice — will at best exist only in a small number of politically favored countries, as it does today. The forces of despotism, collectivism, or merely autocratic or dictatorial rule (benevolent dictatorships do exist) will prevail everywhere else.

The core of truth is that the United States, together with a small number of other democracies, does today embody high and humane political values irreconcilable with those of the Soviet Union, and this provides permanent tension between the Western democracies and the Soviet bloc.

This tension lies behind the national rivalry between the United States and the Soviet Union, but it is by no means a sufficient explanation of the Cold War as it exists.

It would be quite possible, and a great deal safer, for the two countries to compete without their equipment of mutual extermination and a drumbeat of vituperation. This would not even require the Soviet Union to give up its universalist claims. Nuclear weapons are largely irrelevant to the search for influence in Asia, Africa and the Americas, as they are irrelevant to the struggle against Soviet power in Afghanistan, Poland and other lands Moscow uneasily holds.

At work today is a deeper and more dangerous confrontation of national messianisms, between two peoples, each with a taste for idealizing their role in history, come to mature power at the same time. Fear is also at work, that of one nation with repeated experiences of foreign interference and invasion, insecurely unified, and facing a nation that is accustomed to invulnerability.

And there is anto-intoxication — each side is reassured of its own worth, its historical importance, by the scale of the rivalry.

The Cold War has cut loose from its tangible origins and has taken on the force of national mission and myth. Real issues of conflict — those crucial ones which even now worsen in Central Europe, and the question of arms control — are obscured by these new dimensions of struggle, which in our political imaginations have become the dimensions of fate itself — of the torrent of events.

International Herald Tribune.

The Sound, The Fury, The Noise

By James Reston

WASHINGTON — President Reagan is getting so much noisy advice these days that he must wonder occasionally whether he was wise to get a hearing aid.

In the past, the babble of voices probably sounded to him like distant thunder from the right and left, but now if he listens, he can hear what they are saying, which is bound to be confusing.

On the one hand (or ear), his old conservative buddies, to whom he owes so much, are shouting at him to be tougher on the Russians.

On the other, the Democrats, to whom he owes so little, are praising him for his patience and moderation in dealing with the Russians on the control of nuclear weapons.

This is the sort of thing that makes presidents want to cut wood and ride horses. It is hard enough to be criticized by your friends, but intolerable to be praised by your opponents.

Yet the president seems to have figured out a way to juggle his dilemma. One day he speaks softly and waves his big stick, and the next, he speaks loudly and waves a feather. And this infuriates everybody but the American people, who like him even when they are not quite sure what he is doing.

As a short-range or presidential campaign strategy, this is not bad. It keeps everybody off balance. Nobody knows whether he is going to run or pass on third down. The Russians are afraid that he may be as reckless as they are. The allies are unsure what to make of him, or what to do without him. Same with the Republicans. And the Democrats have so many problems of their own that they cannot think about Mr. Reagan's, and very often cannot think at all.

But there comes a time — and it is not far off — when the president has to stop playing political games and decide to run or not run, and, if he runs, determine a policy.

In a way he has decided the first question by not deciding it. He has already delayed so long about his intentions that he has put Vice President George Bush; the majority leader in the Senate, Howard Baker; Senator Bob Dole of Kansas, and Representative Jack Kemp of New York, among others, on "hold" — to pull out now would really leave the Grand Old Party in the lurch.

That theme he can hear, loud and clear, with or without a hearing aid. But there is another theme that began with a murmur but is getting louder as the presidential election campaign approaches.

This is not only that he should run again, but that he should run, not against Fritz Mondale or John Glenn, but against the Russians; that they may be his enemy in the world with their savage stupidity, but in the presidential election of 1984, they may be his best hope for re-election.

For Ronald Reagan, this must be a tempting and alluring political strategy, and it might very well work. After all, in the tragedy of the Korean plane, the Russians confirmed all his warnings about the "godless Russians" and their "evil empire."

Also, if you came into the White House promising to balance the budget by reducing services for the poor and cutting taxes for the rich, and then wound up with a $200-billion deficit, you should not be surprised if your campaign managers want to change the question.

After all, Mr. Reagan's favorite question in the last election was whether the people felt more secure and better off than they did four years earlier. This is not a winning question now. *But if he asks whether* they want to abandon him in the middle of his fight with the Russians, that might fly at the top of the pole.

But if he turned the campaign into an anti-Soviet crusade, he would have to deal with the consequences: four more years of the nuclear arms race, with larger military budgets, a divided Congress, an embittered alliance and a frightened world.

This is not the sort of thing most folks would like to do in the last years of their 70s, and it is not Mr. Reagan's style. He is not really a warrior, though he likes to play that role. He could easily stumble into a serious confrontation with the Russians, but he would not plan it, even if he thought it would help him.

Political managers, however, think primarily about winning elections rather than about governing a country or easing the tensions in a hungry and troubled world; so there will be a temptation.

A lot will depend on the advice he takes, and how he uses his new hearing aid. That old publicity saint, Barney Baruch, thought at the end of his life that hearing aids were useful. "You can turn them up," he said, "when people are talking sense, but you can also shut them off when people are talking nonsense. The problem is to decide which is which."

The New York Times.

LETTERS TO THE EDITOR

View From Manila

Regarding "Secretly, Filipinos View Aquino Tapes" (IHT, Sept. 14):

Robert Trumbull's article makes it appear that the Philippine government is doing everything to stop the free expression and circulation of ideas. As Mr. Trumbull can attest, he and his like have had the run of our country all this time, fomenting partisan passions to their hearts' delight.

Meanwhile, opportunists freely sell videotapes, tabloids and reprints that detail the hatchet job that the world media have done on the government of President Ferdinand Marcos, especially since Aug. 21. It now appears that the ghouls in Western media are disappointed and cannot figure out why Mr. Marcos's government did not fall on Aug. 21 — or on Sept. 1, the day after the funeral of Benigno S. Aquino Jr.

The Filipinos, for all their easily aroused emotions, are also pragmatic. Many of them are outraged by the use which foreign media have made of this tragedy to denigrate their country. They know that Mr. Aquino, with all due respect, was just another political leader — certainly better than most but now, regrettably, part of history — and that no one can better deal with the fallout occasioned by his death than Mr. Marcos.

It is not our government's survival that is at stake. It is the survival of our nation, the continued well-being of the Filipino people. Instead of gloating and chortling over our government's imminent downfall, ask yourselves this: What good was accomplished by all the changes of regime that the media abetted and cheered on, from Vietnam to Iran, and now, Central America?

TEODORO Q. PENA,
Minister of Natural Resources.
Manila.

A Firm Hand in Beirut

Regarding "For the Marines in Beirut, It's Mission Impossible" (IHT, Sept. 21) by Ze'ev Schiff:

Mr. Schiff's analysis of the U.S. position in Lebanon is unduly defeatist, an attempt to sell appeasement to the United States. It is perfectly possible to pacify Lebanon with the smack of firm government. Before Turkey's present rulers came to power, their country was also in a state of disintegration, torn by strife and daily assassinations. Order had broken down only becuse the previous government allowed it to.

Appeasers use the false analogy between Vietnam and Lebanon. The only lesson to be learned from the Vietnamese debacle is that if one wants to help a friendly government, one must offer help openly and effectively. The tragedy of Vietnam was that the United States did too little too late. This error should not be repeated in Lebanon.

LIONEL BLOCH.
London.

"Peace, commerce and honest friendship with all nations, entangling allegiance with none."

THOMAS JEFFERSON

in American Declaration of Independence.

The Honourable Mrs. Indira Gandhi, Prime Minister of India, will address the United Nations General Assembly in her capacity as Chairperson of the Non Aligned Movement on Wednesday, September 28.

Mrs. Indira Gandhi's presence in the U. N. Assembly testifies to India's fundamental endorsement of international cooperation and to its recognition of the seminal role which the United States is destined to play in the preservation of global peace and the development of global prosperity.

From a nucleus of twenty-five in Belgrade in 1961 NAM has developed into a movement of ninety-nine members consisting of nations widely dispersed throughout the globe. The diversity this group represented, geographical, cultural, political and economic was and is a fact of Nonalignment, inherent in its character from its earliest beginnings. It has dedicated itself to the principle of coexistence and resolution of problems through peaceful negotiations.

Basic to this composite objective is a policy of cultivating the closest possible relations with all nations, irrespective of ideology, and in the fullest spirit of nonalignment.

The universality of this spirit has not been better expressed than in the words of Thomas Jefferson, one of the authors of the American Declaration of Independence and a founding father of the United States. *"Peace, commerce and honest friendship with all nations, entangling allegiance with none"*

Indo-US relations, by the very frankness with which they have been conducted by both sides, have had their ups and downs. But these have been the unavoidable fluctuations inseparable from a dialogue between two major democracies. Underlying occasional differences there is a continuing sense of a shared commitment to democratic ideals.

About one-sixth of the world's population lives in India, making it the largest democracy in the world.

Yet, as independent India's career has clearly shown, it is not numbers

alone but its undeviating attachment to the democratic system that has been the basis of its survival and achievements. Within the framework of international cooperation India has pursued a policy of self reliance.

Although it is a country in a hurry in the achievement of its economic goals it has striven consistently to reconcile development with the freedoms and rights of a democratic people.

Since Independence, though much has yet to be accomplished, considerable progress has been achieved in such areas as agriculture, industry, engineering and technology. INDIA is today the tenth largest industrialised country and has progressively developed its capacity to fight poverty which is the top-most priority in all its policies.

In this task as much as ninety percent of the resources for development has been mobilised from within India and despite the birth rate, the struggle against which continues, self-sufficiency in food has been achieved.

Specifically India has striven in recent years on improving the climate of foreign investment. It has provided a wide range of incentives and liberation is under constant review. In the result there has been a steadily increasing scope for economic collaboration and a responsiveness to India as an investment market that promises a great deal for the future. The objective has been to provide those inducements which potential investors can properly expect.

India has come a long way in technology and technical education. Its actual and potential capacity in this field has been amply demonstrated by the number of highly qualified and successful Indian technologists and scientists in the United States.

Within India is a corps of 2.5 million scientists, including atomic scientists and technologists, participating directly or indirectly in the struggle for progress, security and the abolition of poverty. The facts and figures of Indian achievement and of what remains to be achieved speak for themselves.

For India and NAM, which Mrs. Indira Gandhi represents in her dual capacity as Chairperson of the movement and the Prime Minister of India, three dominant concerns are the search for peace, the search for friendship, and the search for economic cooperation.

Nothing can be more pragmatic than a preoccupation with development which simultaneously both demands and promotes peace. It is this outlook which India within NAM and in the global context has tried to strengthen.

She led her party to victory in the general election of 1967 and 1972; in 1977 she lost at the polls, but the nation recalled her to office in 1980. Her aim for India is to achieve growth with social justice. For the world it is one of peace, friendship and abolition of disparities among nations.

Jawaharlal Nehru, builder of modern India, related the direction and targets of India's foreign policy to the dominant needs of the internal situation at home; and it is this policy which his successor, Mrs. Indira Gandhi, continues to sustain within the democratic framework.

Mrs. Gandhi's brief is, as it was her father's, that *"peace and freedom are indivisible and the denial of freedom anywhere must endanger freedom elsewhere"*.

SPONSORED BY

NIRLON SYNTHETIC FIBRES AND CHEMICALS LTD.

254 B Annie Besant Road, Worli, Bombay, INDIA

ARTS / LEISURE

A Future for a Tuscan Villa

By Henry Kamm
New York Times Service

FLORENCE — Many years hence, Sir Harold Acton hopes, New York University will open a new campus that it will have inherited from him, far from Washington Square.

It will comprise five splendid Renaissance or Baroque villas and a great, formal Tuscan garden mixing greenery with statuary. Between them there will be olive groves and vineyards on slopes with splendid panoramas of the domes and steeples of Florence.

For the time being, Sir Harold, a sprightly man of 79 years, lives in the main villa, La Pietra, at the northern edge of the Tuscan capital, and looks and acts as though the university will have to wait for a long time to take possession of the property he has bequeathed to it.

Sir Harold, who described himself fittingly in the titles of his two volumes, "Memoirs of an Aesthete" and "More Memoirs of an Aesthete," intends to spend many more years preserving, restoring and displaying the splendors of the estate, art and library assembled by his father, Arthur Mario Acton.

The bequest to the university's Institute of Fine Arts arose from Sir Harold's determination to preserve the unity of what is in itself a work of art. It is a 60-room country house and garden built in the 15th century and transformed into its present state 200 years later. In addition there is his great collection of pre-Renaissance and early-Renaissance painting, sculpture and art objects, as well as a choice library of books and manuscripts.

When Sir Harold looked for an institution that would undertake to maintain the establishment intact, his own university, Oxford, where he attended Christ Church after his Eton years, was not interested. "They're so concerned with administering what they have, they wouldn't have something else," Sir Harold explained.

Leaving the property to Florence was out of the question, he said, because the Italian authorities cannot afford to maintain such gifts.

Sir Harold feels close to America because his mother, the former Hortense Mitchell, was the daughter of William Hamilton Mitchell, a Chicago banker — "that's where the money came from," he explained — and he considers the university's Institute of Fine Arts the finest in the world.

The university was "very keen on the idea" when Sir Harold raised it in the 1960s. He has received an honorary doctorate from the university, and the Florence fine arts authorities are "very happy," he said, telling him that, given their lack of money, "it was the best thing I could have done."

What future students and teachers will have as their setting is a three-story mansion in Tuscany's honeyed yellow stone, enhanced by green shutters. Its elegance lies in its sturdy simplicity of line, relieved by Baroque decorative flourishes in the 17th-century remodeling. A long cypress-lined alley leads from the gatehouse, which is on a heavily traveled street, to the serenity of the villa.

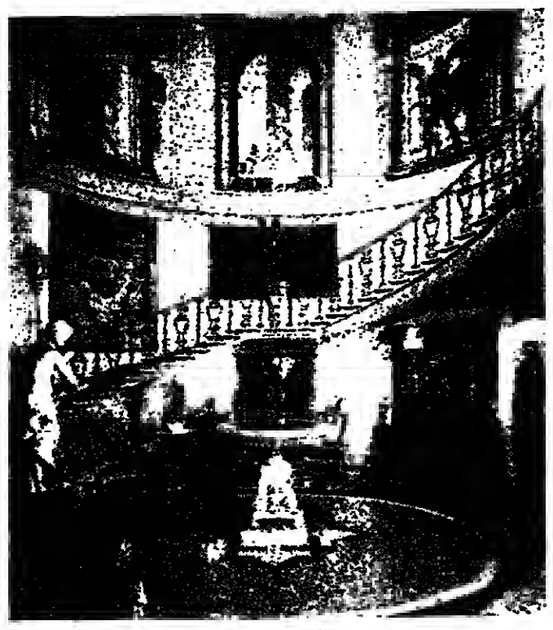
The grand rooms lie off an entrance hall as high as the mansion that centers on a fountain surrounded by paintings and tapestries. Library and dining room still have the vaulted ceilings of the Renaissance. Against their walls paintings by precursors and students of Giotto and Romanesque sculptures look as though they had always been there. A magnificent polychrome wooden Buddha of the 13th-to-14th-century Yuan period as well as some carpets are reminders of Sir Harold's Chinese days.

Paradoxically, fnr a man born in a Tuscan villa surrounded by an art collection whose every piece he loves, Sir Harold has one greater love. "I'm very, very fond of Tuscan art, the finest in Europe, don't you think?" he said. "But nearest to my heart is Chinese art." He spent seven years in the 1930s in Beijing, first teaching English in the National University and a teachers' college and later, when the Japanese captured the city, studying classical Chinese theater.

Following the example of his father, he compiled a precious collection of painting and furniture. Being stiff-upper-lip British, as befits a wartime officer in the Royal Air Force, Sir Harold struck a pose of equanimity when he recalled the political misjudgment that made him feel, on leaving Beijing in 1939, that his collection would be safer there than in a Britain heading into war. But an unforgotten sense of loss veiled his voice as he spoke of the Yuan Buddha. "Oh dear!" he said, walking away. "I think of the things I left behind."

Sir Harold, who has published more than 20 books of biography and history — works on Chinese drama, memoirs and fiction — described himself as "just a curator." His aim, he explained, was to insure that his father's and his own life's work remained intact as something living.

Pointing to a colonnade at the bottom of the garden, which his father converted into a formal Italian design from a proliferating English garden fancied by the Italian owners, he noted that he had had it rebuilt recently to prevent its collapsing. "I'm keeping the place in good shape for New York University and the future," he exclaimed with the enthusiasm of a man fulfilling a high vocation.



The entrance foyer of Sir Harold Acton's villa La Pietra.

Variations on the Wine Bar

By Frank J. Prial
New York Times Service

PARIS — Wine bars are all the rage. Everyone — well, everyone who drinks wine — loves them. They offer wine by the glass, cold cuts — which they call *charcuterie* — and the companionship of people who share one's, er, values.

What could be wrong with that? And yet . . . there is something precious about wine bars. There's something off-putting about bartenders who explain that the wine tastes the way it does because the must was centrifuged rather than filtered.

Bartenders are supposed to talk about religion and politics and insensitive wives. But this business of announcing: "Emile Peynand thinks the chateau's second label is better than the first." What do you reply to something like that?

The trouble with wine is that it's discussed more than it's enjoyed. And wine bars are perfect settings for all this babble. They encourage it. Thus, it should come as an surprise to discover that the wine bar as we know it is an English invention. The Brits have always been terribly serious about wine. It goes with their role as connoisseurs and critics of wine rather than as producers and heavy consumers.

Wine bars swept London in the 1960s. Some cynics say the rise of wine bars coincided, sadly, with the decline of British beer. In the 1970s, the idea jumped the Channel and caught on in and around Paris. The first English-style wine bar was the Bistrot à Vin at La Défense, the vast office and apartment complex west of the city. A while later, Willy's appeared in Rue des Petits-Champs near Place des Victoires. Both are very serious about wine and cater to a youngish crowd, mostly French.

A recent addition to the Paris scene, much in the same genre, is the Blue Fox, in the charming Cité Berryer, an alley of shops off Rue Royale, just up the block from Maxim's. The Blue Fox, which is operated by an Englishman, is next door to a restaurant that is a popular Anglo-American hangout, Le Moulin du Village.

These three places are English wine bars transplanted to Paris. There are some French variations on the same theme. The best-known among these is L'Ecluse — possibly because there are four L'Ecluses, strategically located in and near Paris. L'Ecluse is the creation of George Bardawil, a former French journalist. His bars specialize in Bordeaux wines and the types of food that set them off. For example, he sells a lot of foie gras to go with his sweet Sauternes.

Bardawil was one of the first restaurateurs in Paris to install the Cruvinet in his bars. It is a glass-fronted cabinet that keeps as many as 30 opened bottles of wine completely fresh and on tap in an atmosphere of nitrogen gas. Cruvinet, or a version of it, is now found in many American wine bars.

Bardawil's places come close to being old-fashioned bars that happen to specialize in wine, but to get the real thing, the wine-bar equivalent of the neighborhood saloon, you have to go out into the business sections of Paris, to streets rarely trampled by tourists' feet.

It's tough to spot one of these places because every little corner place sells wine by the glass.

There is a network of good working-class wine bars in Paris, though, and their fans know where they are. One of the best-known is Le Rubis, partly because it is very good and partly because it's downtown, just a few blocks from the Place Vendôme.

Like any good wine bistrot, Le Rubis is jammed at lunch. So jammed that in good weather many patrons take their glass and sandwich — if they can get to the bar to order them — out in the street and stand around some up-ended wine barrels. The clientele is white collar and blue collar and usually includes a couple of Americans and Britons who work in one of the nearby banks. The language is strictly French, but "Beaujolais" and "sandwich" are a workable beginner's vocabulary.

A list of some 20 wines available by the glass is posted on the wall. The price for a large glass of simple Beaujolais is about 75 cents. One of the *cru* Beaujolais, such as Morgon or Saint-Amour, can cost around eight francs ($1). Beaujolais is the house specialty, but there are Rhone wines, some Bordeaux and half a dozen wines from the Loire.

There are wonderful homemade *rillettes*, always on hand. There are good sandwiches, either on a classic *baguette* or on coarse country bread. There are omelets and *andouillettes* and hot plates of various kinds. Most people eat at the bar and run, but there is a crowded banquette for anyone with a little more time.

Similar to Le Rubis, but less accessible to midtown Paris, is Caves Mélac, a rustic litle bistro not far from the Place de la Nation, out in the working-class eastern end of the city. Perhaps because it's also a wine shop, Caves Mélac offers more wines by the glass than Le Rubis. Its omelets are more massive and its cheese plate is big enough for three people.

Le Duc de Richelieu, in Rue de Richelieu, is another good downtown wine bistro. For more than 30 years, the favorite wine here has been Fleurie, one of the *cru* Beaujolais. Paul Georgé, the owner, once estimated that he goes through 100 bottles of Fleurie a day. Which is a tribute to the wine and a comment on the amount of business he does. A noisy, smoke-filled hangout, there are tables in the Duc de Richelieu and a fairly extensive menu for a bistro.

A few other good wine bistros in Paris: Aux Auvergnats, 100 Boulevard Voltaire; Ma Bourgogne, 19 Place des Vosges; Le Relais Beaujolais, 3 Rue Milton; Le Sancerre, 22 Avenue Rapp.

Most of the bistros listed here have at one time or another been awarded the Meilleur Pot, an annual prize cooked up by the promotion arm of the Beaujolais shippers. Like most awards, it's self-serving, though it does indicate a place worth trying. Most bistros that have won the *pot* offer a wallet-sized list of all the other winners. It's a good thing to have if you plan to wander around Paris for more than a day or two. A *pot*, incidentally, is a bottle used widely in the Beaujolais region and nearby Lyons. It holds a little less than half a liter.

Barney's, New York: A Family Story

By Hebe Dorsey
International Herald Tribune

NEW YORK — Barney's, which stocks 40 different kinds of tuxedos, attracts Wall Street bankers, young men on the rise and such real-estate tycoons as Donald Trump and Harry Helmsley. A banker who did not wish to be quoted called Barney's "the smartest men's retailing operation in New York — and, believe me, it's tough competition," adding, "I admit I'm too lazy to go down to 17th Street, but a lot of my friends do."

For Barney's, which started 60 years ago as an out-of-the way discount clothing store, success and prestige came via the classic all-in-the-family formula. Its founder, Barney Pressman, knew how to select quality merchandise from jobbers and bankruptcy sales. He attracted a better and better clientele, a fact his son Fred used to persuade European designers — including Pierre Cardin, Hubert de Givenchy and Carlo Palazzi — to design special lines for the store.

Fred's son, Gene, who joined the company 10 years ago, when the store was making $30 million a year (it is now making double that), is credited with updating the store, adding high fashion and attracting younger customers. He brought in the new wave of European designers such as Gianni Versace, Cerruti and Giorgio Armani, as well as the avant-garde Japanese, whom he considers stronger in menswear than in women's wear.

Barney's is still very much a family business. Fred is president and deals with everything, even advertising, including Sarah Moon's sophisticated televisinn spots in French with English subtitles.

His wife, Phyllis, is concerned with display, but her favorite domain is Chelsea Passage, a recently added section devoted to gifts, antiques and home furnishings. Gene, 33, handles public relations, and his younger brother, Robert, 29, is in charge of finances.

Barney, the crusty grandfather and founder, lives in — where else? — Miami. "He's one of those old merchants with an indomitable spirit," said Fred. "He calls in every day, has to have all the facts, then he gives me a hard time."

Gene, who flashes a Kennedy-like smile, cuts the highest profile. Raised in Westchester County and a prep-school product, he nevertheless has a New York street-smartness about him. Tense and dark, attractive in a fine-edged, razor-sharp style, he is a study casual dressing. But his shapeless mocassins tell you the man is a worker.

It was Gene who suggested adding a women's floor in 1981, carrying his idea out with taste and a strong point of view. The selection is small but impeccable, including such names as Missoni, Chloé, Alaia, Sonia Rykiel, Versace, Armani and, among the Americans, Geoffrey Beene, Zoran, Shamask and Ralph Lauren. Last week Luciano Soprani came from Milan to introdnce his Basile fall line.

The women's area, or the Wnmen's Duplex, was designed by Peter Marino, who is also working on a new Barney's women's store, to be opened next year, in six brownstones separated from the men's store by the Chelsea Passage.

Barney's success, according to Gene, is due to several things. "One of them is that because we're out of the way, we feel we have to be twice as good as everybody else. People are willing to come, but once they come, they expect a lot. You better damn well have it or they're not coming back."

Barney's also makes it easy for men to shop there, Gene thinks. "Most men's stores get themselves into trouble because they try to be too much of everything to everybody. We try to key-in specifically on certain areas so that the Wall Street customer and the avant-garde type won't run into each other. But we don't try to make the store too glamorous, because men don't care about fashion as such, they care about looking nice. They care about quality, they care about service, they care about being comfortable and they care about not being aware of what they're wearing."

For Fred, "the backbone of our business is still service. The staff is very high quality, we give both men and women free alterations. We have 700 people working in the store, including 175 in-house tailors. We see ourselves as clothiers."

Barney's has just changed its title to "Barney's, New York" — another step in the store's expansion. The women's store should bring in an additional 30 percent in revenue, but after that, the Pressmans feel that they need to go outside New York — possibly to Los Angeles and Texas.

Fred, left, and Gene Barney.

Monday's NYSE Closing

Vol. of 4 p.m. ____ 84,480,000
Prev. 4 p.m. Vol. ____ 92,180,490
Prev Consolidated Close 112,357,548

Tables include the nationwide prices
Up to the closing on Wall Street

NYSE Most Actives

	Vol.	High	Low	Close	Chng
RCA	25352	34¼	32⅞	34	+¼
ATT	22909	66	65	65¾	—⅛
IBM	22875	129½	128	128¾	+½
EastAir	14448	5½	4⅝	5	—⅜
Chrystr	13317	21¾	20⅝	21⅝	+⅝
Contltl	10132	24¼	23⅝	23⅝	—⅛
FordM	9377	65½	64⅝	64⅝	
Getty	8479	68¼	64¼	67⅝	+1⅝
StdOilCl	8340	27½	26¾	27	+⅛
GMot	7599	75⅝	74⅝	75¼	+¼
Citicrp	7517	37⅝	36⅝	36⅝	—1⅛
PhilPt s	7371	21⅝	20¾	20¾	+⅛
MerLy s	7149	38⅝	37¼	37⅛	—1⅛
GldNg s	6986	17½	16⅝	17	+¼
GoPac	6670	25⅝	23	25½	+⅝

Dow Jones Averages

	Open	High	Low	Close	Chng
Indus	1261.28	1270.73	1247.56	1268.77	+ 5.15
Trans	585.91	590.48	577.13	582.84	— 1.67
Util	134.15	135.07	133.43	134.78	+ 1.25
Comp	501.42	505.10	495.69	500.76	+ 1.38

NYSE Index

	High	Low	Close	Ch'ge
Composite	98.53	97.54	98.39	+0.32
Industrials	115.84	114.31	114.89	+0.53
Transp.	97.34	96.70	96.85	—0.38
Utilities	48.73	48.54	48.73	+0.01
Finance	98.24	97.82	97.98	—0.28

NYSE Diaries

	Close	Prev.
Advanced	842	785
Declined	671	809
Unchanged	353	402
Total Issues	1866	1996
New Highs	97	79
New Lows	5	9
Volume up	48,777,810	
Volume down	27,954,760	

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Sept.23	194,761	428,441	1,409
Sept.22	175,451	402,257	1,311
Sept.21	199,887	419,281	1,297
Sept.20	187,819	419,654	933
Sept.19	144,497	404,480	1,019

*Included in the sales figures

AMEX Diaries

	Close	Prev.
Advanced	229	266
Declined	294	333
Unchanged	186	220
Total Issues	811	819
New Highs	21	9
New Lows	8	9
Volume up	2,084,490	
Volume down	2,528,250	

Standard & Poors Index

	High	Low	Close	Ch'ge
Industrials	192.64	190.03	191.97	+0.24
Transp.	32.08	31.47	31.65	—0.25
Utilities	67.64	66.72	67.32	+0.55
Finance	19.31	18.88	19.22	—0.07
Composite	171.59	168.41	170.07	+0.56

NASDAQ Index

	Close	Ch'ge	Week Ago	Year Ago
Composite	303.77	+0.16	301.83	188.64
Industrials	362.84	+0.05	362.09	216.87
Finance	284.29	+0.59	280.44	176.54
Insurance	268.68	+2.04	264.17	200.95
Utilities	301.60	—4.09	305.79	209.80
Banks	219.37	+0.54	199.34	133.62
Transp.	284.95	+2.11	279.83	174.50

AMEX Most Actives

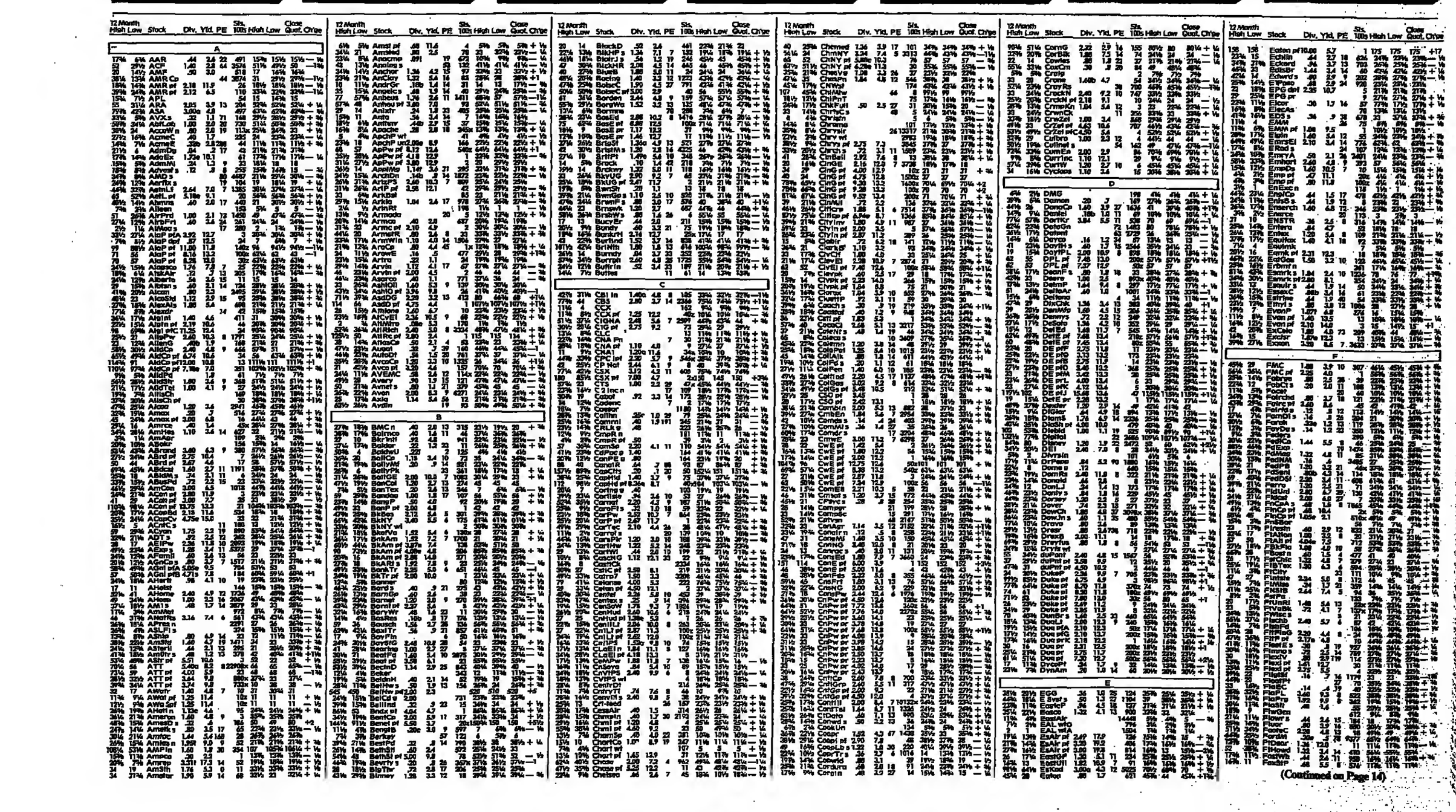
	Vol.	High	Low	Close	Chng
TexAir	3712	5½	4⅝	5½	—⅛
WangB s	3625	34¾	33⅞	33⅞	—⅛
ContAir	3362	5⅝	5⅛	5⅝	+⅜
OzarkA	2210	10⅝	9⅝	9⅝	—⅜
FPA s	2130	13⅝	12⅝	13⅛	—⅛
ImpCh	1582	8⅝	7⅞	7⅞	—⅛
CntAir pf	1448	4⅝	3⅝	4¼	—⅜
TIEs	1389	40⅝	39⅝	39⅞	+⅜
HouOil r	1359	11¼	10⅝	10⅝	—⅜
Resrt A	1227	46½	44⅝	46	+1¼

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	71.91	+0.44
Utilities	70.65	+0.72
Industrials	73.17	+0.15

AMEX Stock Index

High	Low	Close	Ch'ge
237.79	236.52	236.67	+0.15



(Continued on Page 14)

Herald Tribune INTERNATIONAL
Published With The New York Times and The Washington Post

NORDIC BANKING AND FINANCE

A SPECIAL REPORT

Operations Abroad: Consortium Bids Are on the Decline

STOCKHOLM — Commercial banks of the five Nordic countries are undergoing a clear change of attitude on the subject of consortium bank participation. Their reappraisal stems from a growing desire to strike out alone in foreign banking transactions rather than to pool resources in joint ventures.

As in the case of most international banks, Nordic banks, as they grow in size and gain in stature, prefer to assume greater control and contribute more profits to the parent company by setting up their own overseas operations. But the trend away from consortium banking is felt more in some international banking centers than in others, where the notion of joint ventures is still regarded as a useful tool in international banking. A case in point is London.

"A restructuring of the consortium idea seems to be something that is happening in London," said Jan Ekman, head of Svenska Handelsbanken's central international division in Stockholm. If the market share of Eurocurrency lending in London is taken as a measure of banking importance, where in 1974 consortium banks represented an 8-percent share, in 1982 they represented 4 percent, a 50-percent drop in market share.

Other foreign banks had outstripped the consortium banks' market share by last year, their branches and subsidiaries have increased more rapidly, from 164 in 1974 to 347 in 1982, whereas the number of parent banks holding stakes in London consortium banks has dropped over the same period from 91 to 70.

Signs of the reappraisal are best illustrated by recent restructurings in two of the oldest London-based Nordic joint ventures. In August, Den Norske Creditbank, Norway's largest commercial bank, announced it was buying out the other three shareholders in Nordic Bank, which was founded in 1971 and was jointly owned by Copenhagen Handelsbanken of Denmark, Svenska Handelsbanken of Sweden, Kansallis-Osake-Pankki of Finland and Norske Creditbank.

The move followed last year's decision by Svenska Handelsbanken to set up its own London operation, Svenska International, as a branch of its Luxembourg subsidiary. Under domestic Swedish banking regulations, Swedish banks acting abroad are not permitted to establish full-fledged branch offices overseas.

Just over a week later, in early September, Sweden's Skandinaviska Enskilda Banken was increasing its shareholding in Scandinavian Bank from 37 to 45.7 percent after the decision by the joint venture's two Danish shareholders to withdraw. One of the Danish banks, Den Danske Bank, which held a 14.3-percent share in Scandinavian Bank, opened its own London branch last year. "Taking this step, I think, is proof that we are not going to break up the consortium," said Curt Olsson, deputy chairman of Skandinaviska Enskilda, which will be the largest single shareholder in Scandinavian Bank.

Bankers with links to the two London-based joint ventures, which since they were set up have grown into the largest of all the Nordic consortium banks to rank among the 20 biggest banks in the Nordic region, said that the London consortium operations remained an integral part of their international business and would continue to do so, even if restructuring took place.

Both London-based consortiums are actively involved in the foreign-exchange and interbank markets, though the primary task of Scandinavian Bank is to promote and finance Scandinavian-related trade and foreign investment. Nordic Bank, which is heavily engaged in money market transactions, was granted permission last year to have its bills made eligible for discount at the Bank of England. Scandinavian Bank has its own branches in Los Angeles and Bahrain and subsidiaries in Hong Kong and Bermuda, while Nordic Bank has a similar international network.

Reasons for the reappraisal are manifold and the degree of emphasis differs according to each bank's foreign needs and expansion plans. Hans Paaschburg, a managing director of Privatbanken, Denmark's oldest commercial bank, related his own bank's experience in the field of consortiums this way: "We, in 1971, went into a consortium bank in London — United International Bank — 10 different shareholders with 10 percent each. Later on, we established our own 100-percent bank in Luxembourg and then simply founded a branch in New York. At about the same time, some of the shareholders, banks backing the United International, wished to leave it and offered their shares for sale. Then we went in and said to the other nine that we wished to take it over, which we did, renaming it Privatbanken Limited."

Other Danish banks are following Privatbanken's line. Den Danske Bank established its own London branch and is in its first year of operations; Copenhagen Handelsbanken has plans to follow suit and set up its own subsidiary. So, while some banks in the Nordic area prefer to go it alone by setting up branches or subsidiaries, others prefer to use joint ventures they participate in as a springboard to test the water before taking the plunge. Swedish banks, in particular, constrained by domestic banking regulations, will probably bide their time until the rules are relaxed and will then be in a position to break away from consortium banking and establish their own branches.

Others prefer another alternative. Sweden's state-owned bank, PK-Banken, Scandinavia's largest bank, has struck up a partnership with Norway's Christiania Bank og Kreditkasse. In London, the Swedish bank invited Christiania to join its local subsidiary, in Hong Kong the office was converted into a jointly owned deposit-taking company and in Singapore a new merchant bank is in part ownership.

But the consortium venture as a vehicle for international business of Nordic banking is far from finished. Several smaller banks in the region, as they step up their overseas operations and expand into new areas, still regard joint ventures as the safest and best banking route to service their own international profile. "There are new ones [consortium banks] coming up, because for smaller banks — like ours — the costs of setting up an independent operation in London in terms of capital, manpower and business are such that you can't afford it," said Gustav Mattson, general manager at the Bank of Helsinki.

The Finnish bank, together with Sweden's Sundsvallsbanken and Norway's Forretningsbanken, joined forces last year with Switzerland's Dow Banking Corporation to take over a London merchant bank, Arbuthnot Latham, one of the capital's oldest clearing houses. The Bank of Helsinki's London affiliate, Dow Scandia Banking, was reorganized into a holding company, in which the Finnish bank has a 16-percent interest.

Swedbank and Skopbank, as the Swedish and Finnish national savings banks are known abroad, have been working together for some time and recently announced the creation of a new consortium bank in London. Fennoscandia Limited, as the new joint venture will be called, will have initial capital of £10 million. "We have decided to press ahead with the project despite moves by other banks to dismantle their consortia," Skopbank said.

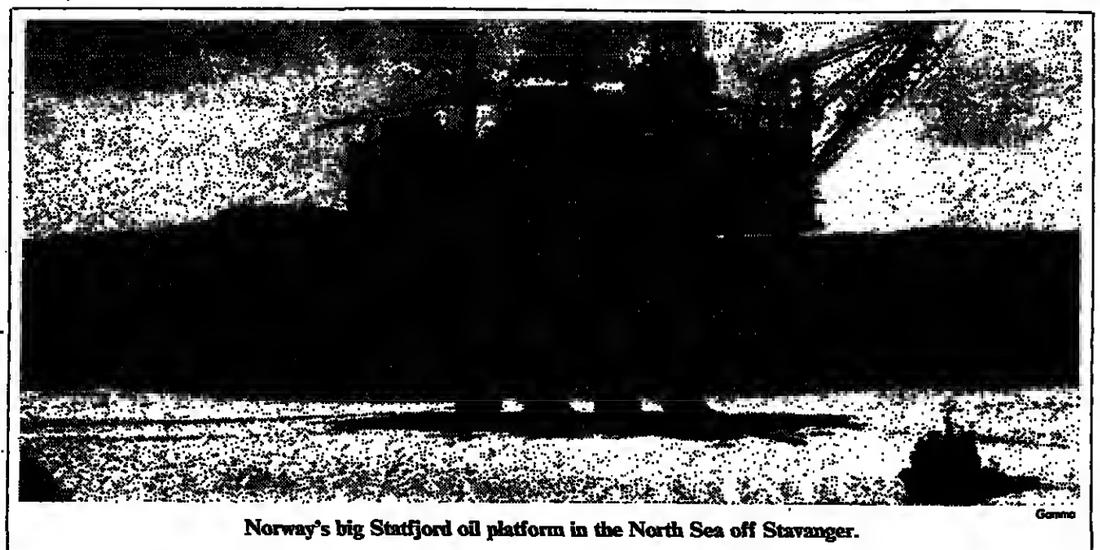
Mr. Olsson of Skandinaviska Enskilda also adopted a cautious line despite the massive growth in the bank's international operations in recent years: "To start a bank today, with the very, very thin margins we have in international lending, with the very high risks the banks have to take in order to get a decent spread, and the management problem, I would say that you have to think twice before you break up a very profitable and successful consortium bank."

But Skandinaviska Enskilda Banken, along with its major competitors in Sweden and elsewhere in the Nordic countries, has not shied away from the idea of going it alone when the situation dictated such a necessity. Last year, it set up its own London-based investment banking business, Enskilda Securities. The operation provides a range of services, including corporate finance, international syndicated lending transactions, currency and interest rate swaps and private placements.

The bank also established a subsidiary bank in New York, Skandinaviska Enskilda Banken Corp., the parent company of Skandinaviska Enskilda Banken International, which began operations at the start of 1981. The Swedish bank's usual partners in other overseas operations, Den Danske Bank and Union Bank of Finland, were thereby compelled to link up with PK-Banken and Christiania to establish a competing New York consortium in the form of American Scandinavian Banking Corp.

As the Nordic countries' trade links with the rest of the world expand, notably in the Far East, so the banks have felt a need to increase their profile in centers such as Hong Kong, Singapore and Tokyo. In these centers, the Nordic banks on the whole still prefer to adhere to the consortium principle, as in the examples of PK-Banken's and Christiania's Hong Kong and Singapore ventures. Here too, however, some banks are setting up their own operations, as in the case of Den Danske Bank, which last year opened a branch in Singapore.

— MICHAEL METCALFE



Norway's big Statfjord oil platform in the North Sea off Stavanger.

Gamma

Norway Continues to Set Oil Records

By Bjorn H. Tretvoll

OSLO — Norway's oil production in July exceeded 700,000 barrels a day for the first time, pushing this North Sea producer toward a record year at a time when most other producing nations are faced with falling production and reduced incomes. At the same time new wells have confirmed the existence of one of the world's largest offshore natural gas fields in the Norwegian part of the North Sea.

Oil production at levels almost 25 percent above last year's and significant exports of natural gas put Norway in the enviable position of having a sizable surplus in its current account and of being probably the only OECD country where the central government is able to present a budget surplus.

The effect of falling international oil prices has been more than neutralized by higher production and a strong dollar. Export earnings from oil and gas for 1983 are expected to reach a record level of more than 60 billion kroner, or close to $8.5 billion.

This means that the oil and gas sector is responsible for about a third of Norway's total exports. Close to 20 percent of the central government's income comes from this sector.

While such figures illustrate that the oil activities have grown into an important sector in Norway's economy, they also show that securing a healthy development for other sectors still is of major importance for the total performance of the economy. But as the increased oil income has seeped into the Norwegian economy, particularly through higher public-sector expenditures, prices and costs have been pushed upward, weakening the competitive position of the traditional Norwegian industries that have to compete with foreign suppliers. These problem industries have in turn been given different forms of government support in order to keep unemployment down.

The fear of too rapid a pace of structural change in the Norwegian economy, which could have serious effects in certain areas of the country, has been an important factor in Norway's "go slow" policy for oil development. On the other hand, the oil industry and those supplying this industry have argued for a more rapid pace of exploration and production, as a means of creating more jobs.

So far the political decision to establish a production limit of 90 million tons of oil equivalents a year has not led to any delays in putting new fields into production as fast as technology and economics have permitted. Last year Norway's production of oil and gas reached 48.9 million tons of oil equivalents. Toward the end of the 1980s production could reach about 70 million tons, while it will not approach the 90-million-ton level before the late 1990s.

All present Norwegian oil production comes from fields in the North Sea, which covers only a small part of Norway's continental shelf. Exploration has proved the existence of both oil and natural gas further north, but not yet in commercial quantities. The international oil industry is showing great interest in the areas off Norway's northern coast where large sedimentary basins could yield significant reserves of oil and gas.

As oil exploration activities move further north and into deeper waters, the development of any finds becomes more costly. The technology required is more complex, and new solutions have to be found. The stakes are high and the risks, both technical and commercial, increase. In such an environment new fields must contain significant reserves in order to warrant the development expenses needed to put it into production.

In such calculations taxation levels play a very important part. Spokesmen for several foreign oil companies have pointed out that present Norwegian tax rules make development of smaller North Sea fields unattractive and might also render larger fields in deep-water areas uneconomic from a company point of view.

The amount of applications to be filed with Norway's Department of Oil and Energy before the Oct. 15 deadline for the new concession round will give some indications as to how the international oil industry view the attractiveness of the Norwegian continental

(Continued on Following Page)

Gamma

Inside the Ekofisk platform.

Nordic Region Is Rated Highly As Credit Risk

By Michael Metcalfe

COPENHAGEN — At a time when bankers talk of the international debt crisis and the need by several major borrowers in Latin America and Eastern Europe to reschedule their debt, the banking community breathes easily when it turns its eyes on the Nordic countries. There is no fear of Copenhagen, Helsinki, Oslo or Stockholm running behind in their repayments and, although margins may be thinner and in some cases conditions tighter, there is no scarcity of Nordic credits on the market.

Nordic countries continue to be extremely creditworthy, some even more so than nations much larger and industrially more potent than themselves. An illustration of this is to be found in the latest survey of country credit ratings published in the October issue of Euromoney.

Sweden ranks as the most highly rated of the five, in seventh place out of 116 countries, coming just behind Canada and placed before Australia. Norway falls into 13th place, preceded by the Netherlands and followed by Belgium, while Finland is in 16th and Denmark in 17th position. Iceland emerges as 40th, on a par with the United Arab Emirates, ahead of Turkey and behind Egypt.

According to statistics compiled by Morgan Guaranty, Sweden has been the biggest Nordic borrower on both the syndicated Eurocredit and international bond markets this year, raising almost $2.4 billion equivalent in Eurocurrency credits and $2.3 billion in bond issues during the first half of 1983. The figure represents a major increase from last year, when Sweden borrowed $649 million in terms of syndicated loans and $2.7 billion in bonds during the entire year.

Denmark has also increased its borrowing abroad substantially so far this year, raising $1.6 billion in syndicated loans and $961 million in bonds. The first-half figures compare with $789 million and $1 billion equivalent respectively for the whole of 1982.

In the case of Norway and Finland, their foreign debt is proportionally much lower, though the Norwegians raised a large amount — $2.1 billion — in Eurocurrency credits last year, dropping to $336 million in the first six months of 1983. Finland has not taken up any syndicated loans since 1980, concentrating its lending in the international bond markets, which saw Finland raise $815 million last year and $560 million in the first half of 1983.

On the whole, Nordic borrowers are not experiencing much difficulty in raising the amounts they require at the conditions they wish to see. A recent example of fine terms is the domestic sterling credit of the Kingdom of Sweden, which was heavily oversubscribed and which doubled in volume from its original £250 million. Despite the low margin of ⅝ percent above money market rates for the first two years, rising to ½ percent for up to a further 10, the credit attracted a large number of banks, including about 50 lead managers.

Denmark, which a year ago had the unsettling experience of seeing New York's Standard and Poor's add it to its "Creditwatch" for evaluation of potentially negative developments, has allayed fears over its ability to manage its indebtedness and still commands good terms for its foreign borrowing. "There is now much more room for optimism in the economy and, as the balance of payments current-account deficit narrows and our trade account swings back into surplus, so our foreign borrowing will decline," Finance Minister Henning Christophersen said.

But problem areas remain. Since the start of the decade, Sweden and Denmark have increased the pace of their foreign borrowing to cover the needs of costly welfare states and widening current-account deficits. The net foreign debt as a percentage of gross domestic product has in both countries more than doubled over the last five years, in Sweden's case to nearly 30 percent and in that of Denmark to more than 33 percent. Net interest payments abroad have continued their steep upward trend due to the rapidly rising foreign debt, higher interest rates on international capital markets and the strengthening exchange rate of the dollar. Rising amortization payments reflect the fact that both countries accumulated large amounts of short-term debt in the 1970s, which are now expiring.

However, there are signs that the steep increase in net foreign debt as a percentage of GDP appears to be flattening out. Restrictive budgetary policies in Copenhagen and Stockholm, a deceleration in the growth patterns of public-sector expenditure, and a narrowing of current-account deficits, all point to a slowdown in the rate of borrowing on international capital markets.

Danish government officials believe that the current-account deficit

(Continued on Following Page)

Social Democrats' Radical Investment Plan Could Alter Swedish Industry

STOCKHOLM — Despite opposition from industry and banking and a general unwillingness among the public, Sweden's Social Democratic government is poised to introduce a radical investment plan that could decide the future of private ownership in Swedish industry.

Plans are under way to set up initially five collectively owned investment funds to buy into Swedish companies next year. Eventually, critics in the opposition party said, the so-called wage-earner funds could wrest control of companies away from private hands and establish new forms of public ownership.

Lars Nabseth, chairman of the Federation of Swedish Industries, said: "If wage-earner funds are brought in, it will mean the transformation of the Swedish social system since privately owned business enterprises will be taken over. We reject this change."

In a bid to overcome some of the opposition and arrive at a degree of political consensus on the controversial issue, Prime Minister Olof Palme invited both sides of industry and the political parties to take part in talks on the matter this month but the meeting was inconclusive. "Unfortunately, the organizations of industry, the employers, have declined to participate in those talks," said Michael Sohlman, deputy undersecretary at the Finance Ministry.

The debate on the funds, which has been going on since 1975, has changed direction many times, not least because of the many revisions put forward by the Trade Union Confederation, known as LO, and the Social Democratic Party. Initial proposals for the funds were made at the LO Congress of 1976 under guidelines worked out by Rudolf Meidner, a trade union executive. The Meidner Plan, as it came to be known, called for a nationwide establishment of funds, financed by all privately owned firms above a certain size.

These companies would give 20 percent of their profits to a wage-earner collective. The transfer of these profits would be accomplished through the issue of new shares by the companies to a central fund controlled by the country's trade unions. The Social Democrats, during their time in opposition, adopted in 1981 a proposal advocated by the trade unions, allowing the party's national executive to go ahead with the plan. A modified version of this plan was announced by the Social Democratic government earlier this year and entails a new tax of up to 20 percent on net company profits and an increase in the employers' payroll tax.

These sources of income would create investment capital that would be channeled into each of the five regionally based funds. A government working group, set up to submit a blueprint for the funds, recently proposed that a ceiling of 400 million Swedish kronor be set aside annually from the amount of capital flowing into each fund, adding up to 2 billion kronor a year up to 1990. Taking this into account — and assessing the value of quoted companies in Sweden at about 200 billion kronor — share analysts estimated that the funds could buy up to 7 percent of the exchange-listed portion of Swedish industry by the end of the decade.

The relative size of the funds, which would be able to buy shares in any publicly quoted company on the Stockholm bourse, would make them a formidable investor in the Swedish stock market. At a later stage, Sweden's 24 local authorities would each have such a fund, to be administered by elected committees made up of trade union officials, representatives of local government and politicians, although a formula for the election of these committees has yet to be drawn up. A form of universal suffrage might elect the committee members, once the transitional phase is over, government officials said.

Critics of the funds plan, which has yet to be passed by the Riksdag, argued that the funds, if implemented, would have disastrous repercussions for the stock market and an economy with a large budget deficit and external debt. "The institutional nature of the funds, with centralized decision-making and lack of a profit motive, will make them inefficient, with built-in caution preventing them from becoming a source of venture capital, which is precisely what Swedish industry needs," said an official of the Employers' Confederation.

But LO officials said that the regional division of the funds would lead to greater risk capital being fed into economically or financially depressed regions served by the planned funds. Employers organizations said Swedish industry required increased profitability and not more capital, rejecting the notion of collective ownership with the argument that employees will not be able to draw any direct benefit from the funds.

"It would be fateful for Swedish industry to have a dominating shareholder with completely alien objectives, other values and a wholly opposed view about decision-making than what is needed if business enterprises are to survive against fierce international competition," said Sven Agrup, managing director of AGA, a Swedish engineering firm.

But the government has other ideas. Insisting that different viewpoints would be taken into account by the administration, following the talks proposed by Prime Minister Palme, the finance minister, Kjell-Olof Feldt, nevertheless said: "Wage-earner funds will come into being next year; that is the government's stated objective."

One Swedish company is not going to wait for the funds to be introduced. Datatronic, a leading manufacturer of computer programs, announced last month that it would be moving its main operations to the United States to protest the new tax to finance the funds. Whether this initiative will be followed by others, thereby prompting a flight of capital from Sweden, remains an open question. Several companies take the view that the funds' influence on corporate policy will be held in check by the working group's recommendation that the aggregate holding of shares by the funds in any one company should not exceed 49 percent, thereby stopping short of majority control.

— MICHAEL METCALFE

Foreign Bank Branches: The Focus Is Shifting to Sweden and Norway

HELSINKI — The subject of foreign banks' presence — or lack of it — in the Nordic countries has stirred heated debate in official and commercial banking circles that shows little sign of cooling in the foreseeable future. The willingness of Denmark and, more recently, Finland to allow foreign banks in has shifted the focus to Sweden and Norway, where the advantages of a large industrial base and North Sea oil revenues, respectively, appear to warrant entry of foreign banks as soon as possible.

In Norway, a government-appointed commission recently ruled in favor of foreign banks' establishing subsidiaries subject to strict conditions and rules applying to domestic banks. The government seems likely to approve the recommendations soon.

Sweden's central bank governor, Bengt Dennis, said: "The government has decided to study the whole question of the institutional structure of the credit market in Sweden, including the advisability or feasibility of setting up foreign banks in Sweden, so it's an open issue." A committee appointed by the Social Democratic administration has yet to be fully constituted and has up to two years to report its findings.

The entry of a small number of foreign banks into Finland last year, permitted by a change in the banking law in 1979, helps to illustrate some of the problems and advantages of foreign banks intent on operating in the Nordic countries. Three banks have been allowed to establish subsidiaries, but not branch offices, in Helsinki. They are Citibank and Chase Manhattan of the United States, and the Banque de l'Indochine et de Suez of France. Citibank was the first to obtain a license and has the longest experience in Finland.

"I would say business has developed very satisfactorily, because to start with, Finland certainly is not an Eldorado for foreign banking owing to the very controlled nature of the domestic money market; and the other problem for foreign banks is that the corporate nature of their business is ill-fitting to the tailor-made suit of universal banking in the domestic capital market," said Kari Mannola, vice president and managing director of Citibank's Helsinki subsidiary.

In practice, this means that any balance-sheet lending in markkaa that a foreign bank subsidiary would make in Helsinki would have a negative interest spread because the bank still has to follow the same lending interest rate guidelines as other banks whose funding comes from the free corporate market where rates are extremely high. The top priority of the foreign banks lies in offering corporate clients the benefits and sophistication of their parents' international services and trading. In this area they have been successful, while also helping to spur competition in the foreign-exchange trading sector.

"We have seen over the past year or so, since foreign banks started in this market, a tremendous cut in margins, especially in foreign exchange and customer business, but it is also true that there have been cuts in the commissions for bank guarantees, for letters of credit, for export-import financing," said Gustav Mattson, general manager of domestic Finnish banking at Bank of Helsinki.

The presence of foreign banks in Finland may also have helped to pave the way for the central bank's decision last year to allow Finnish bank participation in foreign syndication lending and credits where there is no Finnish beneficiary. But the lack of a deposit base such as in the retail banking activities of the domestic banks, with their access to large amounts of liquidity for use in such areas as the short-term money market, has stunted the growth of the foreign banks.

The twin-edged competitive blade — the wholesale foreign subsidiary bank with the corporate strength of its parent versus the retail domestic bank with its large deposit base — has also been acutely felt by foreign banks in Denmark. Copenhagen was the first Nordic capital to open its doors to banks from abroad, soon after Denmark joined the EEC in 1973. In less than two years, banks such as Bank of America, Chase Manhattan and Standard Chartered were enjoying the privileges and perks of either a full branch bank status or that of a subsidiary.

"American banks and British banks and others have mostly come, first and foremost, to help American daughter companies, American branches; and then, of course, many big Danish companies have had a connection to foreign banks," said Hans Paaschburg, managing director of Privatbanken, who is also chairman of the Danish Bankers' Association. None of the foreign banks has gone into retail business. "It is very

(Continued on Following Page)

NORDIC BANKING AND FINANCE

Margins Thinner, Credit Risk Good

(Continued from Preceding Page)

will be about halved in 1984 to a little less than $1.2 billion, or 2 percent of GDP, contributing factors being an expected improvement in the terms of trade, a significant reduction in the energy bill and a reduced debt-servicing burden.

Stockholm officials project the current-account deficit to be reduced from about 3.7 percent of GDP in 1982 to around 1 percent of GDP in 1984, though the debt-servicing burden will probably continue to remain relatively heavy. The officials noted that the 16-percent devaluation of the Swedish krona last October and the strengthening dollar added additional burdens to servicing the foreign debt.

Of the four major Nordic countries, Norway and Finland have fewer problems than their neighbors on the international borrowing markets. In the case of Norway, the benefits of North Sea oil have helped to keep its balance-of-payments current account in modest surplus recently, although a shift into slight deficit is forecast for this year and next, in the order of about 1 percent or less than GDP.

The Norwegian authorities prepared the ground for this eventuality — and the effects of last autumn's devaluation on the debt burden — by heavier borrowing in 1982 than in previous years.

Finland has succeeded in keeping a low borrowing profile on international markets over the last few years, limiting its debt to fixed-interest credits and bonds. Its net foreign debt in relation to GDP grew steadily until 1977, when it peaked at 21 percent, and thereafter it declined to about 14 percent in 1981.

Debt officials in Helsinki explained that the devaluations of last October increased the market value of the debt, raising the ratio to 17 percent. However, debt service charges have been stable during the 1970s and early 1980s and have remained at about 10 percent of current-account earnings.

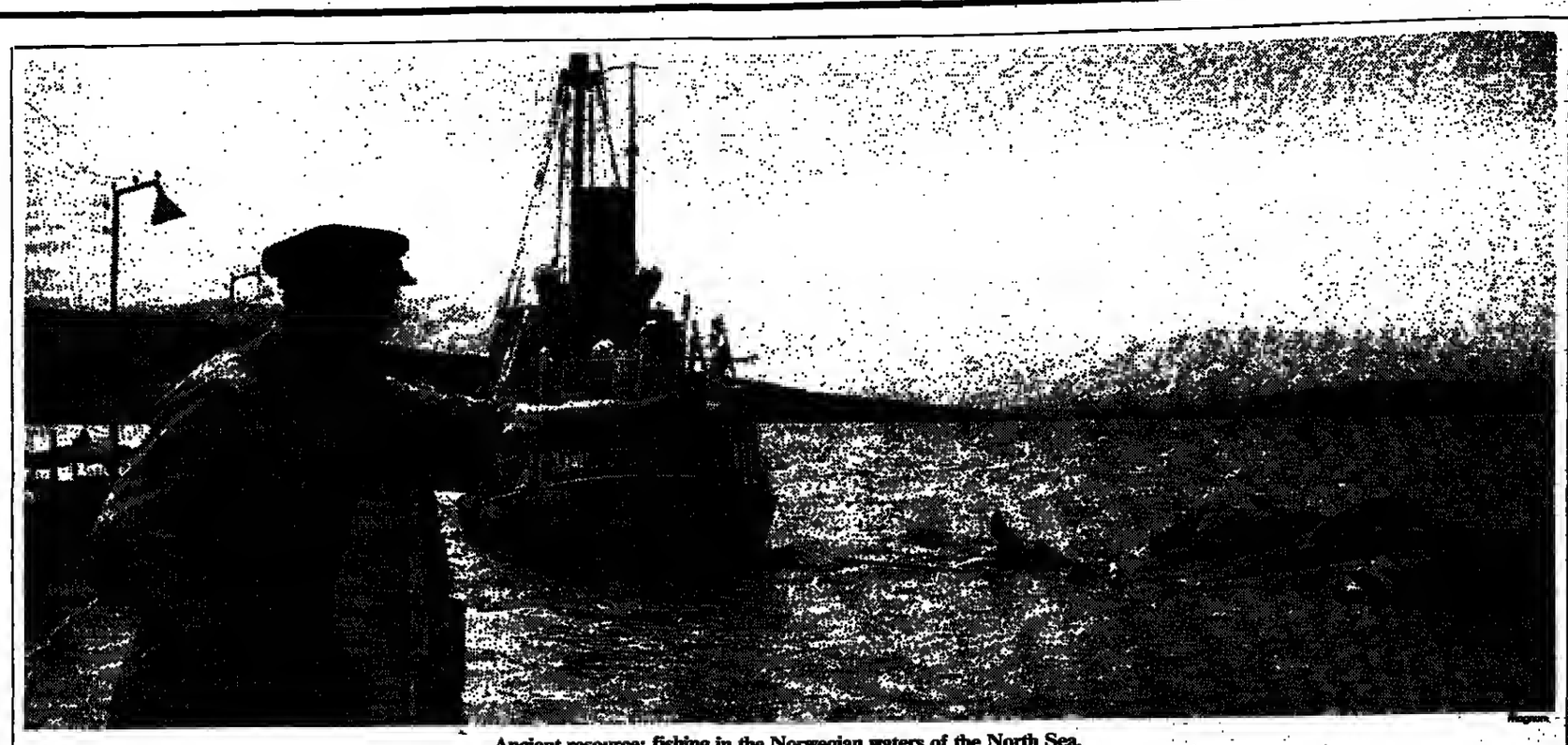
Finland will raise less than $1 billion equivalent on international markets this year, it is estimated, though the amount may increase somewhat next year, if the current-account deficit widens slightly, as is anticipated by the government.

NORDIC FOREIGN BORROWING
(In millions of dollars)

	1980	1981	1982	1983 (Jan.-June)
EUROCURRENCY CREDITS				
Denmark	1,720	1,661	789	1,586
Finland	1,040	n.a.*	n.a.*	n.a.*
Norway	685	713	2,069	336
Sweden	1,370	1,867	649	2,350
BONDS				
Denmark	1,125	695	1,019	961
Finland	392	672	815	560
Norway	892	530	832	269
Sweden	3,244	2,050	2,729	2,283

* Figures not available.

Source: Morgan Guaranty



Ancient resource: fishing in the Norwegian waters of the North Sea.

Norway: Groping Toward Recovery in the Non-Oil Sector

By Trond Boerrehaug Hansen

OSLO — Ten years after international recession halted a period of unparalleled growth, the Norwegian economy is still groping toward recovery. For much of the second half of the 1970s, it lived on borrowed time as the government, using future oil revenues as security, raised massive loans abroad to stave off the worst effects of the recession. But during the last few years, the country has come face to face with its problems and there are signs that some of them are being solved.

The latest OECD forecasts are not unduly optimistic. In July, the organization said Norway's gross national product was likely to grow by a mere 0.25 percent this year, rising to 1 percent in 1984, and that prices would rise by 8.5 percent this year, compared to 12 percent in 1982 and an expected 7 percent in 1984.

Rolf Presthus, Finance Minister in the Conservative-led center-right coalition government, said these forecasts were too pessimistic. He believes that the "traditional" — that is, non-oil — sector of the Norwegian economy will become considerably more competitive in international markets than the OECD assumes.

Moderate pay settlements in the private sector have led the government to predict that industry will become more than 2 percent more competitive this year, whereas the OECD forecasts a more or less unchanged situation, Mr. Presthus said. Making non-oil industry more competitive is one of the aims embraced by most political parties in Norway, where a large degree of consensus still persits in economic policy. Another objective is a return to near-full employment, as was the situation until a few years ago.

At present, unemployment stands at 68,000, or 4.1 percent, of the labor force. In many Western countries, this would be considered a fairly happy state of affairs, but Norwegian politicians regard it as very serious. The psychological impact of the figure is perhaps better understood when it is realized that it represents a 60-percent growth in the number of jobless over the course of a year.

If, however, most Norwegian politicians agree on the general aims of economic policy, there is considerable disagreement as to how to achieve these aims. The "counter-depression" policy of raising large loans on future oil revenues to subsidize non-oil industry and retain jobs had been abandoned before the Conservatives ousted the Social Democratic Labor Party from government in 1981. But Labor, in opposition, still clamors for a policy that will secure employment through higher public-sector spending and increased subsidies to particularly weakened industries, such as shipbuilding.

The Conservatives and their coalition parties, though disagreeing among themselves on certain particular questions, are resolved that the *main problems facing industry are production costs and outmoded methods.*

"A combination of high wages and low productivity has made our products too expensive to be competitive," said Arnolf Ingebrigtsen, undersecretary of state for industry. "The other main problem is a structural one. Much of our industrial structure is obsolete, which means that we do not produce goods that benefit from today's strongest market growths."

The government is pledged to reduce inflation through austerity measures that include reduced public-sector spending and reducing pay increases to the lowest possible level. To offset this, it has promised tax cuts that it hopes will lead to increased productivity and improved industrial performance. This, however, is a policy that many Norwegians remain reluctant to accept, as was shown by the poor results for the government parties in recent local elections.

But despite all the problems facing the Norwegian economy, there are bright spots. By 1984, for instance, oil revenues will have enabled Norway to pay off its entire foreign debt. Lower oil prices, while producing fresh problems, have also led to increased activity in making non-oil industries more competitive through research and development and the utilization of new technologies. And the trade union movement, acknowledging its share of the responsibility for reducing unemployment, has given guarded promises for cooperation in reaching moderate pay settlements.

Nevertheless, the problems remain formidable. The country's geography itself, with a thin and scattered population, produces its own difficulties. And Norway's economic fate remains closely linked to that of other Western countries and, particularly, its neighbors — as was indicated by the government's anger at the 16-percent devaluation of the Swedish krona by the Social Democrats last October, which affected Norwegian exports to Sweden heavily.

This, too, is why many Norwegians are skeptical about optimistic statements about economic recovery by government spokesmen. This skepticism was mirrored by a recent cartoon in one of the Oslo dailies parodying Finance Minister Presthus at the helm of a storm-tossed Viking ship, pointing toward a distant landfall and exclaiming: "I swear that this time it's Nesoddtangen [near Oslo] and not America."

The control room of the Ekofisk platform.

Norway Continues to Set Oil Records

(Continued from Preceding Page)

shelf. Some oil company executives emphasize, however, that although they do feel today's tax burden is too heavy they will still apply for new concessions, anticipating that Norwegian authorities in the future will adjust tax levels in order to have new fields developed under conditions that provide an adequate rate of return to the companies for their investments and risks.

An example of this is the recent agreement between the Norwegian government and Phillips Petroleum and its partner to secure a $2-billion project to increase the yield from the Ekofisk field, Norway's oldest.

The major technological challenges over the coming years are presented by the giant Troll gas field, named after giant creatures in Norwegian fairy tales. With total recoverable reserves approaching 2 trillion cubic meters of gas, the field could become an important source of natural gas for Western Europe from the middle of the 1990s. But as the field is in an area with water depths of around 350 meters and some distance from the main markets, the development of Troll — and the gas produced — will become rather expensive.

This situation presents Norway with another major challenge: How to find markets for all its gas at prices that warrant the development of expensive fields like Troll and possibly others further North. The prospective buyers on the Continent and in Britain are showing great interest in securing new supplies of Norwegian gas, but it has to be available at prices that make it competitive with alternative forms of energy in the final markets.

A major competitor for Norwegian gas will be increased exports of natural gas from the Soviet Union, which has huge reserves. After the political upheavals following the latest deal bringing Soviet gas to West Europe, supplies from Norway were put forward as an alternative. Commercial considerations could also lead the buyers to increase Norwegian purchases as a means of diversifying their sources of supplies. The question remaining is what price they are willing to pay, or how much more will Norwegian gas be worth than increased imports from the Soviet Union.

Negotiations now going on for the sale of the gas from Norway's Sleipner field could give a hint as to what can happen. The British Gas Corporation wants the Sleipner gas to fill the supply gap envisaged for the 1990s. Continental buyers are also interested, but with new Soviet gas coming on stream soon and with gas consumption showing a decline, they appear to be less keen than the BGC in securing new supplies.

Although a solution to the gas marketing situation will be of great importance for Norway's petroleum activities in the coming years, increased oil production from proven and probable fields will also provide important income to the Norwegian government coffers until well into the next century unless there is a dramatic collapse in the world oil market. If, in addition, as most analysts assume, new Norwegian gas finds a market in Western Europe, the country could very well continue accumulating large surpluses both in its current account and in the government budget. The domestic debate as to how such money should be spent is sure to go on.

Foreign Banks Are Making Inroads

(Continued from Preceding Page)

expensive and difficult to establish a new branch system," he added. Moreover, to many of the commercial Danish banks' big corporate clients, the foreign affiliates are secondary banks. "In that way, we compete with them, of course," Mr. Paaschburg noted.

In terms of the domestic capital market, the abolition of the ceiling on credit expansion pertaining to each commercial and savings bank, and the imposition of general lending guidelines by the central bank, has led to greater competition among domestic and foreign banks. Under the guidelines, banks attracting more deposits but not those from the money market are in a position to expand their lending more rapidly than average.

The foreign branches, with their lack of a domestic deposit base, are unable to do this and generally view the credit guidelines as discriminatory. From this point of view, one of the foreign banks, Citibank, is contemplating entering the Danish retail business.

If both Denmark and Finland, who have allowed foreign banks in, are feeling a competitive bite in corporate business and foreign-exchange trading, then so are bankers in Sweden, where foreign banks' presence is limited to representative offices. "We have a very tough competition from the foreign banks represented here in 15 offices," Curt Olsson, deputy chairman of Skandinaviska Enskilda Banken, said. "You will find that very many of these are very fully staffed and we don't see very much of a difference between what they are doing here as a representative office and as a bank."

"We have the competition in the markets as well and they know that," Skandinaviska Enskilda's executive vice president, Per Ake Harrison, said.

Sweden's large industrial base and powerful multinational companies, such as Volvo and Electrolux, have provided attractive targets for foreign banks, while the accelerated pace of the kingdom's foreign borrowing in recent years has spurred banks to establish representations in Stockholm.

Another powerful argument in favor of foreign banks being authorized to set up branches or subsidiary offices in Stockholm or Oslo is the notion of reciprocity. If Nordic banks, either in the form of consortiums or by themselves, are actively engaged in setting up profitable and expanding operations in the foreigners' domestic base, then neither the Swedish nor the Norwegian banking authorities can reasonably keep their doors shut.

"It is a bit of an embarrassing situation to be the only ones, soon the only one together with Portugal, in Europe, because the Norwegians are apparently going to do it," said Jan Ekman, head of the international division at Svenska Handelsbanken. In Mr. Ekman's estimation, the new Social Democratic government's decision to form a committee to look into the subject is "postponing the inevitable."

Mr. Olsson agreed: "In my opinion, I think it's shared by most bankers in Sweden, we can't claim free trade for anything but for banking. In that respect, we have to accept that foreign banks come in with their branches or at least with their subsidiaries."

Swedish bankers, however, stress that foreign banks operating in Sweden must abide by the same strict regulations and controls applied to domestic banks by the central bank. "I can tell you that it is pretty tough to navigate between the beacons and ground that the Riksbank [central bank] and the authorities under the Swedish banking law set up," Mr. Olsson said.

The general consensus among Swedish bankers is that foreign banks, once they are allowed to establish themselves in Stockholm, will not be allowed to hold branch status but will have their activities confined to subsidiaries. The same feeling prevails in Norway. "In the view of the commission, any such establishments ought to be in the form of subsidiaries," the Norwegian central bank wrote in a recent summary on the Oslo banking commission's findings.

The commission, while noting that the establishment of foreign banks must take place in a cautious and controlled manner, did not reach any conclusion about the number of foreign banks allowed entry. But the feeling among Norwegian commercial bankers is that the number will be restricted to up to five initially. The same opinion holds among Stockholm bankers in the Swedish case. "We can't have the market explode; there are only 12 banks in Sweden today and you can't double that number overnight," Mr. Olsson said.

— MICHAEL METCALFE

NORDIC BANKING AND FINANCE

Swedish Economy Moving Toward Recovery, but Doubts Remain

STOCKHOLM — After less than 12 months in office, the Social Democratic government of Sweden's Olof Palme appears to be well on the way toward restoring the economy.

A 16-percent devaluation of the Swedish krona last October has nudged industry into improved competitiveness. Exports are booming, corporate profitability is set to reach record levels and the export-led recovery has inflated the buoyant mood of the Stockholm bourse.

But nagging doubts remain. Unemployment has continued to edge upward, reaching 3.5 percent this year; industrial investment is still at depressed levels, and the budget and current account balance of payments deficits, exacerbated by a rising external debt, show few signs of narrowing. Moreover, inflation could be fueled, firstly, by the effects of the krona devaluation boosting import costs and, secondly, by higher wage demands when next year's round of labor negotiations begin.

The government said in its revised budget for this year that the measures undertaken to date represent a first phase in its policy for steering the economy back on course. "A necessary condition for the success of the new policy is that the high rate of inflation that has prevailed in Sweden for a decade is now broken," the government said. Unless the 10-percent annual rate of inflation is reduced, the positive effects of the devaluation will have been eliminated in a couple of years.

"The important thing is to get inflation down after such a measure," Michael Sohlman, deputy undersecretary at the Finance Ministry, said. Several leading economists were forecasting inflation of 15 percent this year, the government's own projection was for 11.5 percent, and the latest figures suggest an increase closer to less than 9 percent, helped in part by the fall in international and domestic interest rates, he said.

Restrictive budget policies play an important role in the government's strategy to keep inflation down and reap the benefits of the devaluation. The administration will present a series of fiscal and budgetary measures this autumn involving some withdrawal of business liquidity and, economists said, this would probably include the abolition or reduction of the current 20-percent tax rebate on tax-sheltered mutual funds, or so-called share-saving funds. The funds have proved a boon to investors on the Stockholm stock exchange, but it is felt that the current strength of the exchange would suffice to ride out the impact such a move would have on investment purchases.

Moreover, the government will probably dispense with or, at least, limit widespread automatic indexation in several sectors of the economy. This practice is to be found in a number of areas: in a large variety of appropriations on public budgets, in agricultural price controls, in wage settlements and in pricing in many parts of the business sector. "The aim of this de-indexing is to break inflationary expectation," Mr. Sohlman said.

One new development that may upset the government's calculations is the decision made in August by the Trade Union Confederation to dispense with centralized wage negotiations for blue-collar workers on the private Swedish labor market next year. The move, which upsets a tradition practiced for more than 40 years and which became known as the Swedish Model — synonymous with harmonious labor and industrial relations — could have serious repercussions on the government's objective to keep wages down and control inflation.

On the plus side, Sweden's leading exporters have helped to boost the trade surplus in the first seven months of this year to more than 10 billion kronor from 4.6 billion kronor in the comparable 1982 period. In volume terms, exports were up about 10 percent and imports 3 percent.

Allowing for seasonal factors, which would have a negative impact on the trade balance in the latter stages of the year, independent economists forecast that Sweden will still record a surplus in the region of 5 billion kronor for the whole of 1983. This compares with the government's assessment of a balanced trade account. "The picture is clearly better than we anticipated as late as the Revised Budget Bill of last April," Mr. Sohlman said.

Two major obstacles on the path to full economic recovery remain. The budget deficit for this year is estimated at 92 billion kronor, which in real terms is little changed from last year's figure. Public expenditure continues to exert a heavy drain on the government's resources, with the present administration reluctant to prune the welfare state that has made Sweden the envy of the world.

Part of the deficit problem is the huge national debt, forecast for this year at more than 55 billion kronor. If this growth trend persists, the government expects that the corresponding figure for 1987 would amount to about 90 billion kronor, or 75 percent of the budget deficit in that year. The debt burden is compounded by heavy interest. A government survey showed that the book value of the national debt rose dramatically in the late 1970s and early 1980s. As a share of the gross domestic product it has risen from slightly more than 20 percent at the start of the 1970s to about 61 percent at the end of 1982.

If this trend persists and, in spite of the export boom, public and private expenditure is not brought down to more manageable levels, several economists predict that the current-account deficit, currently projected at 18.8 billion kronor for 1983, will continue to widen, mainly due to the cost of servicing Sweden's foreign debt, interest on which rose substantially as a result of the devalued krona in relation to major leading currencies, such as the dollar and the Deutsche mark, prompting speculation of a possible revaluation of the krona early next year.

— MICHAEL METCALFE

Finland Sustains Steady Growth

HELSINKI — Finland, Europe's fifth-largest country but with a population of only 4.8 million, has turned in a creditable record of financial and industrial achievement at a time of international recession.

"Finland has been able to sustain quite a strong growth, even through 1982, despite the fact that the OECD countries had a negative growth," said Pertti Sorsa, head of the Finance Ministry's Economic Department.

After high growth in 1979 and 1980, the Finnish economy slowed. But economic activity had begun to pick up again as early as the latter half of last year. The Organization for Economic Cooperation and Development estimated that Finland's gross domestic product rose 1.3 percent in 1982.

The weakness of the country's export markets was to some extent counteracted by a growth in domestic demand, resulting from a relatively expansive monetary and fiscal policy since 1981. "I think Finland has been the only country in Western Europe to have had room to maneuver in fiscal policies, because the state debt is still quite low," said Mr. Sorsa.

In order to maintain the international competitiveness of Finnish industry, the markka was devalued in two stages by a total of 9.6 percent against a basket of currencies last October. The realignment, brought on in part by Sweden's 16-percent currency devaluation, halted the deceleration of inflation. In April 1983, consumer prices were rising at a year-on-year rate of 8.1 percent, which is close to the European average. Monetary policy has been gradually tightened during 1983 in order to curb inflationary pressures, said Finland's central bank governor, Rolf Kullberg.

Reflecting OECD market weakness, a turnaround in imports and increased foreign debt servicing, Finland's current account deficit rose to 2 percent of GDP last year, or about 4.5 billion markkaa, and is expected to be about 2.5 percent this year. One of the main priorities of the Social Democratic-led coalition government of Kalevi Sorsa will be to curb the widening deficit. "It has started to worry us somewhat," said Pertti Sorsa, who is the prime minister's brother.

Next year's budget, details of which were being worked on by the coalition partners this month, September will reflect moves to control inflation and the current account shortfall, including a general tightening up in fiscal policies, government expenditure growth and indirect taxation.

The government efforts to bolster domestic demand have weakened state finances, but by international standards public debt is still modest. Gross government debt at the end of 1982 was close to 13 percent of GDP. The net financing requirement of the central government has hovered around 2 percent of GDP during recent years.

Last year the state's gross borrowing amounted to $1.5 billion, of which slightly more than half was taken up abroad. The OECD reported: "A moderately stimulative stance of fiscal policy, together with the operation of automatic stabilizers, has resulted in the general government sector becoming a net borrower in 1982, for the first time in the post-war period."

This year the borrowing requirement has increased slightly, partly because of the economic policies in force, and amounts to about $1.9 billion, of which slightly less than half will be raised on international markets. The government expects the state's borrowing requirement to remain at this level next year.

Slow growth in the industrial sectors brought with it a deterioration in employment, though growth in services compensated to some extent for job losses in manufacturing and construction. The unemployment rate was about 6 percent in 1982 and is expected to be about the same this year.

The government predicts that the current modest recovery will continue throughout 1984, aided by buoyant, though slowing, public expenditure growth. Growth in private consumption is expected to slow this year as the rate of disposable income growth decelerates. Business confidence has showed some signs of gaining strength, as the effects of the devaluation began to bite.

Merchandise exports to OECD member countries are expected to grow relatively fast, with some gain in market shares projected. But total exports will likely suffer from reduced Soviet demand owing to the decline in oil prices and the large Finnish surplus on the [Soviet-Finnish] bilateral clearing account.

The main agreements concluded with workers this year are expected to raise wages by about 5.5 percent. Taking account of wage drift and carryover from earlier agreements, average wages may rise 9 to 10 percent this year and next. One foreseeable problem for the government, once it puts its tighter fiscal and monetary policy into effect, will be higher wage claims by trade unions seeking to benefit from the improved corporate profits resulting from the devaluation.

— MICHAEL METCALFE

Record Prices and Turnover Boost Stock Market Investment

STOCKHOLM — Stock markets of the Nordic countries, until recently confined to the backwaters of international capital, have in the last three years joined the ranks of the world's leading exchanges. The Nordic countries are experiencing an unprecedented surge in investor activity, with turnover and prices at record levels.

The pace of trading shows few signs of relenting. The Stockholm stock exchange, where growth has been the strongest, has seen share values grow by 57 percent in the first seven months of 1983, surpassing the 35 percent for all of 1982. Bengt Grönqvist, the president of the exchange, said that if turnover continued at this speed one one could expect a turnover of 90 billion kronor this year, rivaling — and perhaps outpacing — that of the Amsterdam, Hong Kong and Paris exchanges.

According to analysts, developments on the Stockholm, Oslo and Copenhagen markets in the early part of this year have put these at the top of the world's exchange price increases.

The total share index of the Oslo exchange rose by 55 percent in the first five months, while the comparative increase was 48 percent in Stockholm and 45 percent in Copenhagen.

The factors behind the surge are numerous and often different in each case.

Lars Bredin, vice president of the Stockholm exchange, attributed the exchange's boom to the introduction in 1978 of tax-sheltered mutual funds.

The so-called share-saving funds attracted the general public because they carried a 30-percent tax rebate for investors, now reduced to 20 percent by the Palme government.

Mr. Bredin said that these funds were expected to put about 200 million kronor of fresh capital into the exchange each month.

Another factor in the Stockholm success story is the sharp increase in interest from abroad.

Large private and institutional investors in the United States, Britain and Switzerland have injected the equivalent of 5 billion kronor of funds into the market so far this year, compared with 3.8 billion kronor for the whole of 1982. "Foreign gross-scale engagement is on a level with share-saving funds; this is of large psychological importance to the bourse and influences even Swedish buying interest," said Bjorn Karlin of the Swedish Shareholders' Association.

Foreign investor interest was spurred by the government's 16-percent krona devaluation last October, which is boosting corporate profitability and helping to make Swedish company shares more attractive than their counterparts on the London or New York markets. The improved economic outlook and profitability have encouraged more than 20 new Swedish firms to seek share listings this year as well as generating more than 3.5 billion kronor in new share issues. "The bourse has finally begun to function as a source for risk capital," said Erik Asbrink, an undersecretary at the Finance Ministry.

Moreover, an increasing number of Swedish corporations have taken advantage of a steady liberalization in restrictions on the sale and issue of shares to foreigners to boost cross-border capital formation. In the second quarter of this year alone, five Swedish corporations — including such brand names as Volvo and Ericsson — raised the equivalent of 2.8 billion kronor in rights issues in London and New York. All sought and obtained permission to sell specified number of shares abroad without recourse to the "switch" requirement that the equal amount of Swedish shares be brought back into Sweden.

Brokers in Stockholm expect that the trend of Swedish multinationals going abroad to raise funds to expand their overseas operations would continue, with a new wave of Swedish corporate share issues on foreign markets predicted for this autumn. The run could turn into a stampede, several analysts said, if government plans to introduce the so-called "wage-earner funds" — collectively controlled regional funds to buy into industry — become a reality in 1984.

Other analysts were more phlegmatic, noting that investors had already discounted the plan and equating the funds with the share-saving variety. They also said that other institutional investors were buying shares on an ordered and steady basis. "The coming months will be particularly important for the Stockholm stock exchange," said Göran Pierre, an investment adviser at the state-owned PK-Banken, Sweden's state-owned bank. The government is expected to decide whether the tax incentives for share-saving funds will remain in force beyond 1983, whether the number of new firms seeking a listing will continue to swell and whether the existing demand for fresh capital raised through new share issues will prevail, be said.

Of the other Nordic exchanges, Oslo is enjoying a boom year, its activity stimulated by a Conservative-led government, which since taking office in 1981 has introduced its own version of the Swedish share-saving plan, reduced taxation on dividends and lowered interest rates to spur industrial activity. There are plans to introduce a new exchange for small and medium companies of the risk-capital variety, to run concurrently with the old, larger exchange, where 120 companies are listed.

The Copenhagen exchange is beginning to spark more investor interest than in previous years, when it was dwarfed by the bond market, as a greater number of Danish firms seek share listings and the improved economic climate and the stable Danish krone increase corporate profitability.

Egon Jensen, head of Copenhagen Handelsbanken's foreign investment division, sees future liberalization of existing restrictions on the individual Dane's access to foreign equity markets and on foreign companies going to the Copenhagen market to issue equity capital as a major factor in promoting the market. "These restrictions are still in force but we have some reason to believe that the central bank is going to liberalize these areas," he said.

The Helsinki exchange, while much smaller than its Nordic counterparts, has also experienced something of a mini-boom, spurred by last October's devaluation of the markka and signs of an improvement in export competitiveness. Turnover reached a record 2.7 billion markkaa last year, while prices surged by more than 40 percent.

— MICHAEL METCALFE

Optimism on the Danish Economy

By Christopher Follett

COPENHAGEN — Danes may not exactly be shouting about it, but at last there is a feeling of optimism about the prospects for Denmark's economy.

Although some of this hope can be attributed to international economic developments, the austerity policies of the year-old center-right coalition of Prime Minister Poul Schlüter have undoubtedly contributed to a dramatic improvement in the economic outlook.

Faced with a net foreign debt of 125 billion kroner, a public sector running a deficit the equivalent of more than 9 percent of the gross national product, growing shortfalls in the budget and balance of payments, rising interest rates and sagging industrial investment, Mr. Schlüter's government last autumn imposed stringent economic measures.

The package included an immediate wage freeze and the suspension of automatic index-linked pay increases, which had been sacrosanct, as well as cuts of 18 billion kroner in public expenditure, social welfare, and unemployment and sickness benefits. Moreover, measures were designed to increase Danish productivity and export competitiveness and bolster a flagging krone.

The move was effective, producing three cuts in the discount rate over a six-month period, from a high of 11 percent to 7.5 percent, the lowest since 1975.

The corresponding cuts in the commercial lending rates helped to stabilize the krone — the only Scandinavian currency not to be devalued last autumn — and to realign it last spring within the European Monetary System, of which Denmark is the sole Nordic member.

Bond prices and the shares market made a brisk recovery, and the trade-weighted value of the krone has risen appreciably since 1982. Moreover, hopes for an economic revival were raised earlier this year by a two-year wage agreement among trade unions in the public and private sectors granting an annual increase of 4 percent, the limit set by the government.

Latest government estimates show Denmark's balance-of-payments deficit dropping next year to its lowest level in six years, below 10 billion kroner, against a shortfall last year of 18.7 billion kroner and an expected deficit of 13.5 billion kroner this year.

This was attributed largely to falling oil imports and increased Danish activity in North Sea oil and gas exploitation. Inflation is also forecast to drop from a rate of 10 percent in 1982 to 6 percent this year and to 5.5 percent by 1984, reducing the rate to a single-digit figure for the first time since the oil crisis of 1973-1974.

On the darker side, unemployment, at a record 10.4 percent, is expected to reach 11.5 percent in 1984, with little immediate improvement in Denmark's export competitiveness and with Danish industrial output increasing by only 2 percent annually over the next two years.

Analysts expect these factors to postpone major recovery until 1985 at the earliest.

Nevertheless, optimism is noticeable in industry, where export orders reflect an upward trend and the latest investment surveys show marked improvements for the first time in several years.

Determined to continue its tight economic policies and to regain for Denmark the top rating on international credit markets that it lost at the beginning of this year, the government unveiled last month a draft budget for 1984 setting a deficit of 59.3 billion kroner, the first reduction in the budget deficit since 1977; the expected shortfall for the current fiscal year is 63.5 billion kroner.

The proposed 1984 deficit represents 10.9 percent of the GNP.

Although it contains no tax increases, the budget calls for continued incomes restraint and a reduction of 10 billion kroner in public expenditure, notably in the social-welfare and public-health sectors, the aim being to balance the budget within five years.

NORDIC BANKING AND FINANCE

Iceland Is Hurt by Drop in Fish Catch

By Björn Matthiasson

REYKJAVIK — For many years the Icelandic economy was unlike any other in Europe. Since the end of World War II, there has always been full employment, income and output have been higher than elsewhere in Western Europe, and inflation has been very high.

Yet, living standards in this nation of 235,000 people have been on a par with some of the richest countries in Europe, despite the difficulties of oil price increases. From 1976 to 1981, real gross national product growth averaged 3.9 percent a year, the current account was in good shape and unemployment never rose above 1 percent. Inflation, however, remained at about 50 to 60 percent.

Recession has continued over the last two years, mostly because of a downswing in the fish catch, the mainstay of the economy, constituting about 75 percent of exports. The total catch declined from 1.4 million tons in 1981 to 800,000 tons in 1982, mostly because of a ban on capelin fishing for conservation reasons. Capelin is a herring-size fish of the salmon family that has been caught in great quantities in recent years for reduction into oil and meal, but catches have exceeded the reproductive capacity of the stock. A halt to further fishing had to be called in 1982, after a catch of 600,000 tons in 1981. The ban is expected to be eased soon.

The catch of whitefish — cod, haddock and similar species — is all the more important, since it is far more valuable than capelin. After the extension of Iceland's fishing limits to 200 miles in 1975, this part of the catch increased rapidly, peaking at 715,000 tons in 1981. In 1982, it fell to 689,000 tons, and in the first half of 1983 it fell by a further 11 percent from the first half of the previous year.

This downturn has had a profound impact upon exports and national income. In 1982, the downturn was aggravated by a slump in the markets for the nation's major industrial exports, aluminum and ferrosilicon, although this year they have improved substantially.

Exports are expected to increase by about 18 percent in 1983, but that will not compensate for the 20-percent drop in 1982. The balance of payments, which showed a deficit of $248 million in 1982, equivalent to 10 percent of the gross national product, is expected to drop to about 2 to 3 percent of GNP in 1983, partly because of improved exports and severe austerity mesures taken by the government.

Parliamentary elections last spring resulted in the resignation of the leftist government of the People's Alliance, the Progressives and a splinter groop from the Independence Party. It was succeeded by a government of the Progressives and the reunited Independence Party, this time with a decisive conservative undertone. The government came into office at a time when the inflation rate had reached 80 percent.

Immediately upon coming to office, the government took more drastic measures to combat inflation than have been taken for decades in this country, where inflation has been tolerated with remarkable ease. This sudden spurt in the inflation rate was in part fueled by the practice of compensating all wages for price increases every three months, thus creating a vicious wage-price spiral. The government had oo other choice than to sever the wage-price linkage, with the result that the inflation rate is already declining dramatically and is expected to reach 20 to 30 percent at the end of this year.

This has meant, however, that prices are rising while wage increases are regulated by law and kept very limited. Real wages are, therefore, declining considerably, but this decline has been accepted with surprising equanimity by the labor unions, even if they are technically prevented from free collective bargaining. Altogether, it is forecast that real disposable personal incomes will fall by 14 percent between 1982 and 1983.

The decline in real wages will help reduce private consumption, which was necessary to bring national expenditure closer into balance with output. Official forecasts indicate that real GNP may drop by as much as 6 percent in 1983, after a 2-percent decline in 1982. The government's austerity measures —as well as the economic contraction itself — are expected to lead to a drop of about 11.5 percent in national expenditure in real terms, far larger than the drop in production. The difference will be reflected in an improved balance of payments and a reduced need for foreign capital inflows.

Official forecasts for 1984 have not yet been published, but the general outlook is that the economy may slowly come out of recession in that year. Much will depend on whether the fish catch improves and on what happens to the country's main industrial products in international markets. The outlook is promising, since fish catches could improve. Moreover, world market prices for fish products and industrial products have risen in recent months and could continue to do so with the improved world economic climate.

The new government has also adopted a policy of inviting foreign investment into the country that would make use of its vast geothermal and hydro-energy resources.

It has taken the first step to settle the previous government's long-standing dispute with Alusuisse, the sole owner of an 80,000-tons-a-year smelter in Iceland.

The dispute was over a new power price, and it was agreed as a first step to increase the price of electricity to the plant from 6.5 mills to 10 mills (1 mill is the equivalent of 1 U.S. cent) a kilowatt-hour.

This step paves the way for further investments in the aluminum industry and signals the government's intent to bring greater emphasis to power-intensive manufacturing in the future.

Magnum

A guard at the Royal Palace in Stockholm.

Foreign Exchange Markets: A Preference for Fixed Rates

STOCKHOLM — In the 12 mooths since Sweden's Social Democratic government devalued the krona by 16 percent and, in the process, dealt a severe blow to Nordic currency cooperation, an aura of stability has returned to foreign-exchange policy in the region. But the turbulence of last autumn, during which three of the five Nordic countries had to resort to devaluation to revive their respective ecooomies, has left lingering doubts about foreign-exchange management in the area.

The Nordic countries have a preference for fixed exchange rates, arguing that their small open economies with larger foreign trade relative to the size of their industrial base are more susceptible to the sharper fluctuations of floating exchange rates. Since the late 1970s, Finland, Norway and Sweden have adopted trade-weighted currency baskets as a tool to determine the external values of their units. The system, though subject to criticism at times, has on the whole been regarded as useful to small countries with large foreign trade volumes. The baskets have combined the merits of a relatively stable currency index with the advantages of a degree of flexibility in regular small adjustments to the trade weightings of the composite foreign currencies represented in each of the baskets.

Denmark, as the only Nordic member of the EC, has preferred to align its currency within the intricacies of the European Monetary System, benefiting — but also suffering — from the strength of the Deutsche mark. After the breakdown of the Bretton Woods fixed exchange-rate system, Norway and Sweden joined the European "snake," a forerunner of the EMS, but eventually left and resorted to the basket system in 1977 and 1978.

Last year's spate of devaluations, which could be diagnosed as a symptom of the deep-rooted malaise of inflation within the Nordic countries, is seen by many Nordic bankers and officials as the culmination — and perhaps the end — of the era of using currency devaluations as a policy tool. "We are through with devaluing," Swedish Finance Minister Kjell-Olof Feldt has been quoted as saying, suggesting that henceforth Sweden should aim for revaluations to fend off high, imported inflation rates. In Helsinki, Finnish government officials said that administrations were hesitant about realignment, preferring more flexible domestic interest rates to steer economic activity and monetary developments.

In Copenhagen, Jan Raffel, assistant general manager and foreign-exchange expert of Copenhagen Handelsbank, said: "The long era of devaluation policy, as pursued by successive Danish governments, has clearly come to an end." Since coming to power a year ago, the four-party cen'er-right coalition of Denmark's Poul Schluter has firmly repudiated devaluation, preferring to defend its currency in times of crisis through the use of the central bank's foreign-exchange reserves. The result has been a more stable Danish krone than in previous years, which has helped to improve the competitiveness of Denmark's exporting industries and to build solid foundations for economic recovery.

In the case of Sweden, successive governments used devaluation as a tool to beef up industry's exporting power, resulting in an effective depreciation of the krona of 45 percent since 1977. If that policy is now at an end, as Mr. Feldt suggested, what are the alternatives? Does it finally mean joining the EMS to peg the krona more closely to a strong Deutsche mark?

The attempt to stabilize the krona by joining the "snake," which essentially meant pegging it to the mark, was not successful. Instead, the basket was created. The dollar was given a double weighting on the assumption it would continue to weaken. The premise was inaccurate. In 1980, the dollar began to strengthen again, Sweden was unable to keep up, and in slightly more than a year it devalued by 24 percent against its basket.

The appreciation of the dollar was not the only reason for the devaluations; it merely exacerbated Sweden's difficulty in maintaining competitiveness in relation to its major trading partners in Western Europe. The same argument applies in Norway's case, where the strengthening dollar forced the Norwegian krone op to levels where exporters could not compete with cheaper prices from elsewhere. In August, the central bank reduced the weighting of the dollar in the basket from 25 percent to 11 percent and effectively devalued the krone in two steps by a total of about 6.5 percent.

There is a growing feeling among bankers that both Norway and Sweden should enter the EMS or, at least, be associated with the system in some form or another. Commercial bankers in the Nordic capitals said that such a membership or association would import greater stability into the two countries' respective economies, help to curb inflation and impose a greater discipline in economic and monetary management.

But several quarters reject these arguments. In Stockholm, the new governor of the central bank, Bengt Dennis, said: "We greatly appreciate the European Monetary System; it gives stability to the markets. We are not in a position ourselves to join and the prime minister said in Brussels this spring that we have to put our own house in order before we can contemplate joining or discussing any closer cooperation with the system." Sweden has to impose its own discipline, which will entail pursuing a restrictive monetary policy in order to curb an outbreak in inflation sparked by the rise in the costs of imports following the devaluation.

The Finnish authorities enjoy the most complex and sophisticated basket system of the three Nordic exponents. The Finns were the first to use the concept, first on an informal basis in 1972, then officially in 1977. The weightings are adjusted on a quarterly basis when the latest trade figures are in, whereas in Sweden's case, the authorities adjust once a year. Finland, resorted to a markka devaluation totaling 9.6 percent last October.

A special characteristic of the Finnish basket is the importance attached to the Soviet ruble in the trade-weighted index, where it occupies a weighting of 24.5, compared with the dollar's 8.8 and the Deutsche mark's 13.3. The ruble's importance lies in the bilateral trade agreements between Finland and the Soviet Union, and permits some leeway by the authorities in balancing trade and, indirectly, currency fluctuations, in its relations with Western and Eastern European trading partners.

The governor of the Finnish central bank, Rolf Kullberg, is entirely satisfied with the existing basket arrangement and sees no reason to change its overall composition, a view shared by Mr. Dennis in the case of Sweden's basket. "The conclusion is in the central bank that we are happy in the way the basket is composed," Mr. Dennis said.

The governor of the Danish central bank, Erik Hoffmeyer, understood the preference of its Nordic neighbors for a basket system but said that the EMS link was the most beneficial in Denmark's case. "From the Danish point of view, we have benefited very much from EMS membership," he said. The seven adjustments that Denmark has undertaken since the EMS began in 1979 has helped to depreciate the Danish krone against the Deutsche mark and, in so doing, has bolstered exporting competitiveness while keeping inflation within manageable limits.

— MICHAEL METCALFE

CONTRIBUTORS

CHRISTOPHER FOLLETT reports on Danish affairs from Copenhagen for The Times of London and the Danish Broadcasting Corp.

TROND BOERREHAUG HANSEN is a journalist with the Norwegian News Agency, NTB, in Oslo.

BJORN MATTHIASSON is an ecooomist with the University of Iceland.

MICHAEL METCALFE, a Paris-based financial journalist, was formerly a correspondent in the Stockholm bureau of the Reuter news agency.

BJORN H. TRETVOLL, a staff business journalist for the Oslo daily Aftenposten, specializes in energy and other economic topics.

Savings Bank Liberalization In Denmark Spurs Growth

COPENHAGEN — The Danish Bank Reform of 1974 allowed savings banks to operate simultaoeously as traditional savings banks and as commercial banks, permitting them for the first time to enter the international mooey and capital markets. This streamlined banking in Denmark, forming the basis for the steady growth of the nation's 150 savings banks.

This liberalization has been particularly advantageous to Denmark's biggest group of savings baoks, the Sammenslutte de Danske Sparekasser, known as the SDS, formed in 1973 and consisting of three groups of local savings banks covering Copenhagen and the island of Zealand; the islands of Falster and East Lolland in the south; and the middle and south of Jutland in the west — areas in which 75 percent of private business is located.

As a result of the reform, SDS was able to gain access to new markets in such fields as cash credit and risk capital. Today, the business sector accounts for almost half of SDS loan portfolios, the group being particularly predominant in the farming and building areas. In addition, it has a 20-percent share of the private-household market in checking accounts. (In Denmark, all banks accept, without charge, personal checks issued by other banks up to a guaranteed 500 kroner, which probably accounts for the comparatively slow growth of credit cards in the country.)

The SDS group has an elected 189-member board of representatives and a 10-member board of directors. Its profits — after allowances for growth in capital — go to charity (15 million kroner in 1982) and oot to shareholders.

Bolstered by falling domestic interest rates, the group's result for 1982 showed a net profit of 268 million kroner, against 72 million kroner in 1981, its balance appreciating by 10 percent to 33 billion kroner. SDS is the biggest savings bank in Scandinavia and, if guarantee liabilities are disregarded, it ranks overall as the third-largest bank in Denmark, behind the leading commercial banks, Handelsbanken and Den Danske Bank. Its nearest competitor, Bikuben, is two-thirds its size and has only just started foreign operations. Two other groupings, in south and north Jutland, are even smaller.

If SDS growth at home has been impressive — there are 410 branches — its overseas expansion has been even more dramatic. Its share of commercial payments to and from foreign countries handled by SDS' foreign department has tripled since the department's inception in 1977, with the group handling more than 6 percent of all commercial transactions between Denmark and foreign countries last year. (Uotil 1977, its foreign business had been channeled through a correspondent bank, Faellesbanken, of which SDS is a major shareholder.)

In 1979, SDS opened a "nameplate" branch in the Cayman Islands and in 1981 finally established itself in Londoo after purchasing a 25-percent share in London Interstate Bank, the first instance ever of a savings bank buying shares in a commercial bank. The other equal-partner shareholders in LIB are Götabanken, from Sweden, and two U.S. banks, Maryland National Bank and the Indiana National Bank. LIB had a £155-million balance for 1982-1983, with net profits of £926,000 (pretax profits having increased by an average 33 percent over the last 4 years).

SDS is also a member of an important new Danish banking consortium comprising Andelsbanken Danebank, Provinshanken and Faellesbanken, which was formed in 1980 to negotiate foreign loans to finance Danish North Sea gas and other major municipal power and heating projects.

The big Danish commercial banks were never unduly worried about the potential threat of the savings banks to their monopoly. One of their major concerns was, however, that the bank reform should ensure that savings and commercial banks' net capital requirement should be identical — that is, at least 8 percent of debt and guarantee engagements and not, respectively, 4 and 10 percent as before, a provision duly set down in the legislation. More important was the commercial banks' insistence that the savings banks should be subject to the same corporate taxation (currently 40 percent) as themselves.

Statistics show that the entrance of the savings banks into the conventional banking scene, while affording the savings banks significant inroads and profit, has not dislodged the commercial banks from their previous position of dominance. The savings banks' share of the domestic loan market has remained unchanged at 50 percent of that of the commercial banks since 1975, as has their share of the domestic checking-accounts market.

— CHRISTOPHER FOLLETT

Herald International Tribune

BUSINESS/FINANCE

TUESDAY, SEPTEMBER 27, 1983

COMMODITIES

By ELIZABETH M. FOWLER

Crisis-Proof, Demand-Proof Prices For Gold, Silver Puzzling Analysts

NEW YORK — Price movements for gold and silver are puzzling commodity analysts, who ponder two oddities: Gold prices seem impervious to world crises, and silver prices remain low despite a healthy increase in industrial production and, presumably, demand.

Both metals are trading at lower prices than they did earlier this year, although commodity prices, as measured by the Commodity Research Bureau's index, are higher. Gold, as measured by the December contract on New York's Commodity Exchange Inc., has been trading around $420 an ounce. This compares with its contract high of $544.70 on Sept. 7, 1982. Silver lingers just above $12 an ounce, measured by the December contract on the exchange, compared with its contract high of $16.07 on Feb. 15 this year.

In Monday's trading, gold for September delivery closed at $416 on the Comex, off about $1.60 to $2.30. The active December contract was off $1.70 at $421.90. Selling on news of the ceasefire in Lebanon negated the bullish effect of larger-than-expected decline in the money supply, traders said. Trading was described as lackluster.

'With inflation certainly under control, there is little incentive to own gold, especially for those who buy physical gold and pay storage and insurance costs.'

The lack of a rally in gold also depressed silver, which ended 11 cents lower at $12 an ounce. Dealers said the rise in Comex stocks to a 13-year high of 122.8 million ounces probably further deterred buying.

André Sharon, a first vice president and director of international research for Drexel Burnham Lambert Inc., said last week that customers had been advised in the past month or so to double their gold holdings, to 10 percent of total international holdings. He reasons that inflation in the United States will increase and interest rates will come down a little, making gold more attractive as a hedge.

"This is based on our expectations of mildly accelerating inflation, reduced interest rates, a tighter supply-demand relationshp, the behavior of other commodity prices, our outlook for the dollar, and the international debt situation," he said.

The recommended gold exposure for portfolios is now about evenly divided between metal such as Krugerrands and Canadian Maple Leafs, and shares of gold producing companies, principally South African producers, Mr. Sharon said.

Not Responding in Typical Fashion

On Friday, Edwin L. Sterling, product marketing manager for ACLI International Commodities Services, noted that gold prices had not been responding in typical fashion to international crises.

"Gold has certainly lost its luster," Mr. Sterling said, explaining that the record-setting stock market and high interest rates had lured away former gold buyers.

One reason for buying gold has been as a hedge against inflation. But "with inflation certainly under control, possibly through 1984," Mr. Sterling said, "there is little incentive to own gold, especially for those who buy physical gold and must pay storage and insurance costs."

Bernard C. Savaiko, a senior metals analyst for Paine, Webber, Jackson & Curtis, said: "Foreign investors consider government bonds and bills here a safer haven than bullion." He also said: "I see silver under pressure and weaker than gold. It's positively anemic relative to gold."

Outlook for Increased Demand

Because of the outlook for increased demand and more favorable prices this year, he explained, silver producers expanded their output earlier this year. The result has been a sharp increase in silver inventories in Comex warehouses, to a near record 120,928,480 ounces as of the Sept. 23 report. The record of 121,448,414 ounces was set on June 4, 1970.

Levels could "exceed the record next week," Mr. Savaiko added, and this would further depress prices.

Increased industrial production has had little impact on the huge inventories so far, he said. "We see no rally," he said. In London, stocks of silver also have been at very high levels — 36,880,000 ounces as of Sept. 16, he said.

Meanwhile, the Commodity Research Bureau said it expected "further defensive price movement over the near term" for silver.

New York Times Service

Mexico Peso Decision Is Hailed as Realistic

By Richard J. Meislin

New York Times Service

MEXICO CITY — Mexico's decision to begin a gradual devaluation of the "free market" peso is being praised by bankers, business executives and economists here for being uncommonly realistic.

The devaluation, which will take place at the rate of 13 centavos a day, is to lower the peso's value by 32 percent against the dollar over the next year, the Bank of Mexico said. This would lower the peso to 196.8 to the dollar by next September from last Thursday's rate of 149.1.

Financial analysts said that the bank decided to move now for two major reasons.

One was to prevent the official controlled rate, which is already being allowed to slip at the rate of 13 centavos a day, from falling any closer to the free rate. The spread between the two rates had narrowed to 14 percent when the government decided to act.

"Controlled" dollars are available to businesses to import raw materials and pay their foreign debts. A reduction in the margin between the controlled and free rates would have lessened the incentive for businesses to wait for cheaper dollars from the government and could have put pressure on foreign-exchange reserves.

Bankers said another reason for the move was to head off a run on free market dollars. Speculation over the possibility of another peso devaluation had become increasingly widespread.

"Everyone knew that they had to do it sometime," said one American banker here. "The only question was when, how and by how much."

What was different this time is that the government decided to move promptly in a deliberate fashion, rather than to wait and force a more abrupt devaluation.

"Historically, what they have done is wait, to create a false image for the people, and then have a major devaluation every few years," said the banker. "This is a positive step."

The "free market" peso has remained relatively stable since the last devaluation, on Dec. 20, 1982, when it fell 53 percent. The government has since minimized fluctuations by limiting the amount of dollars banks could sell on the open market. On some days, it has reduced the amount to zero.

One question being raised is whether the rate of devaluation will be adequate to keep Mexican products competitive in foreign markets.

The government has been able to improve its trade balance sharply this year, but largely through a sharp drop in imports, which in turn has damaged local industry.

Manufacturers Hanover Trust Co., in its Foreign Exchange Review, said earlier this month that it expected the peso to be gradually devalued to 180 to the dollar by year's end; the new government plan, however, would take it to about 160 by that time.

The Associated Press

Two men at Mexico City's international airport exchange dollars for pesos at inflated, black-market rate.

"If the government is to ease import restrictions and thus prevent a complete collapse of the industrial base," the bank's report said, "it must place more focus on the export sector. Thus, authorities would not want an overvalued currency that would hurt the competitiveness of Mexican goods."

The effect of the devaluation on importers is likely to be minimal, since most of them obtain their dollars in the controlled currency

(Continued on Page 15, Col. 3)

Baldwin-United Asks Protection From Creditors

Compiled by Our Staff From Dispatches

NEW YORK — Baldwin-United Corp. sought court protection Monday from creditors under federal bankruptcy laws after unsuccessfully struggling for months to cope with about $1 billion in short-term debts.

The Cincinnati-based financial services company filed a petition in U.S. Bankruptcy Court in New York seeking to reorganize under Chapter 11 of the Federal Bankruptcy Code.

The move capped months of maneuvering to reschedule loan agreements with creditors and sell off assets of the company.

The voluntary filing in U.S. Bankruptcy Court in Manhattan came minutes after three Baldwin-United creditors filed a petition in Cincinnati federal bankruptcy court to put the company into involuntary bankruptcy proceedings.

Baldwin-United's president, Victor Palmieri, said: "The proceedings will provide a mechanism for dealing with the inter-creditor disputes which proved irreconcilable when a small number of creditors representing $10 million out of almost $1 billion of debt could not find common ground."

Representatives of creditor banks of Baldwin-United and its D.H. Baldwin subsidiary had been meeting with debentures holders over the past week to work out their problems relating to collateral arrangement.

A continuation of these arrangements required unanimous agreement, which proved impossible, Baldwin said.

Mr. Palmieri said that as a result, "I determined that the company should petition the bankrupcty court to protect the interest of all parties, in particular policyholders, creditors and stockholders."

The decision to file for protection was seen as inevitable for a company with too many diverse creditors chasing too few assets.

Analysts said Baldwin's management did well to take the troubled financial service firm this far without ending up in court.

Mr. Palmieri's strategy was simple: to get the company's creditors to delay their payment demands until it could return to a profitable operation and sell off some assets.

Baldwin and its creditors worked out several standstill agreements, the latest of which was to expire Sept. 30.

Throughout negotiations with creditors, Mr. Palmieri was known to have threatened to file for bankruptcy, warning lenders such a filing would benefit neither them nor the company.

Mr. Palmieri also vowed he would file for protection before any of the creditors could take action.

While secured creditors have long sided with Baldwin in its effort to reorganize out of court, unsecured lenders have been less cooperative.

Sources close to the situation

(Continued on Page 15, Col. 4)

Big Banks Are Facing Huge Losses, BIS President Leutwiler Cautions

United Press International

WASHINGTON — The world banking system can avoid collapse but the largest banking companies have huge losses ahead of them, the head of the Bank for International Settlements warned Monday.

Fritz Leutwiler, the president of the Swiss coordinating center for the central banks of 29 countries and the Swiss central bank, delivered what Fed Chairman Paul A. Volcker characterized as a "gloomy" assessment of the international debt crisis.

"The banks have made huge profits in the past," he said. "Now they are in a difficult position and they should use their reserves" instead of asking governments to rescue them, he said.

"The banks have to realize that part of the interest due to them is not collectable unless they steadily grant new loans," Mr. Leutwiler said. "That implies that the banks should already be setting aside corresponding reserves."

Mr. Leutwiler is one of the world's most widely respected banking authorities and the man who coordinates emergency "bridge loans" to governments like Mexico and Argentina when they do not yet have access to promised International Monetary Fund money.

Even if there is no banking crisis in the near future Mr. Leutwiler warned commercial banks that "the world debt problem will leave deep marks on their balance sheets.

Not only will loans to needy countries have to be extended again and again, but "short-term claims will be turned into long-term and even very long-term claims. The structure of bank liabilities will have to be gradually adjusted to conform to the immobilization of certain assets."

Mr. Volcker, who sat nearby in the National Press Club where Mr. Leutwiler delivered his speech, afterward remarked Mr. Leutwiler was a "gloomy man."

Both Messrs. Leutwiler and Volcker are central figures in the discussions of world debt problems taking place this week in Washington, site of a joint meeting of the International Monetary Fund and the World Bank.

Mr. Leutwiler made it clear that Brazil's overdue payments to the BIS, backed by the United States as well as other central banks, will have to be repaid as soon as the IMF starts sending that country money again.

Despite potential losses by the commercial banks, Mr. Leutwiler said they will have to continue to be the main lenders to the Third World. And if they ask for government help they will find themselves subject to far more government control, he predicted.

Mr. Leutwiler also blamed regulators for allowing banks to dig themselves into a "miserable situation."

Keystone

Fritz Leutwiler

NYSE Prices Rise; Dow at New Record

Compiled by Our Staff From Dispatches

NEW YORK — Lower interest rates and Friday's favorable money supply report helped prices on the New York Stock Exchange close at record levels Monday, for the third time in two weeks. Trading was fairly active.

The Dow Jones industrial average ended ahead 5.18 points at 1,260.77. The Dow's last record was 1,257.52, set Thursday. In the broader market, advances led declines 9 to 7. Volume dropped to 86.4 million shares from 93.2 million Friday.

The Dow, which gained 29.88 last week, was operating at a 1.12-point handicap Monday, since American Telephone & Telegraph traded ex-dividend. Price rises in the shares of Merck and IBM strongly influenced the average's movement. Merck ended the day up 3 points at 97⅞, while IBM climbed 2⅞ to 128⅜.

Analysts said institutional investors were continuing to stockpile conservative blue-chip stocks in their portfolios as the end of the quarter neared. But overall activity of institutions declined. There were only about 1,700 block trades of 10,000 shares or more Monday, compared with 1,945 Friday.

In early trading Monday, prices moved sharply higher, mainly in reaction to the $3.1-billion decline in the money supply that the Federal Reserve announced late Friday, analysts said. The decline, which was larger than expected, led to a rally Friday in credit markets and the enthusiasm spilled over into the stock market Monday.

Alfred Goldman, an analyst with A.G. Edwards & Sons, said stocks moved "too aggressively" Monday morning. By noon, prices of blue chip stocks were being hurt by profit-taking. But buyers resurfaced shortly thereafter.

RCA, a 4-point winner in the previous two sessions, was the most active NYSE issue Monday, up ⅜ to 34.

Amex to Buy Alleghany Unit

Reuters

NEW YORK — American Express Co. said Monday that it signed a definitive agreement to acquire Alleghany Corp.'s Investors Diversified Services Inc. subsidiary in a transaction valued at $773 million in cash and stock.

Under the agreement, Alleghany would receive 11.5 million shares of American Express common stock valued at $435.5 million, based on Monday's closing price on the New York Stock Exchange of 37⅞, and $337.7 million in cash.

CURRENCY RATES

Interbank exchange rates for Sept. 26, excluding bank service charges

	$	£	D.M.	F.F.	Fl.L.	Ghdr.	B.F.	S.F.	D.K.
Amsterdam	2.9595	4.445	111.85*	34.96*	0.1847	—	5.532*	128.00*	31.065*
Brussels(a)	53.58	80.45	20.2355	6.679	3.34*	18.0085	—	24.971	5.621
Frankfurt	2.643	3.975	—	32.995*	1.651*	89.41*	4.942*	123.25*	27.80*
London (b)	1.5047	—	2.9763	12.9557	2.4080	4.4482	80.585	3.222	14.2233
Milan	1,601.45	2,408.25	605.20	199.86	—	541.58	29.923	747.48	168.34
New York	—	1.5042	0.3782	0.1246	0.0624*	0.3382	0.0186	0.467	0.105
Paris	8.014	12.0496	302.94*	—	5.003*	270.85*	14.974*	373.90*	84.19*
Zurich	2.1407	3.2207	81.01*	26.71*	0.1338	72.43*	4.0005*	—	22.495*
1 ECU	0.8577	0.5701	2.2646	4.8705	1.3728	2.5346	45.8894	1.8366	8.1415
1 SDR	1.05582	0.70215	2.79201	6.46134	1.6910.90	3.1247	56.4969	2.2639	10.0461

Dollar Values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
0.8975	Australian $	1.1142	0.0159	Israeli shekel	62.755	0.445	Singapore $	2.1502
0.0537	Austrian schilling	18.595	0.0041	Japanese yen	238.25	0.00552	S. African rand	1.1047
0.0184	Belgian fin. franc	54.375	2.4387	Kuwaiti dinar	0.2908	0.0012	S. Korean won	789.28
0.8118	Canadian $	1.2318	0.4261	Mexic. pesos#	2.3465	0.0066	Span. pesete	151.38
0.1049	Danish krone	9.5295	0.1285	Norw. krone	7.7765	0.1276	Swed. krona	7.8335
0.2765	Finnish mark	5.6435	0.0096	Phil. peso	14.3884	0.0248	Taiwan $	40.18
0.0107	Greek drachma	93.425	0.088	Port. escudo	134.085	0.0096	Thai baht	25.253
0.7186	Hong Kong $	1.391	0.2873	Saudi riyal	3.4778	0.2722	U.A.E. dirham	3.6727
1.1203	Irish £	0.845						

£ Sterling: 1.2734 Irish £

(a) Commercial franc (b) Amounts needed to buy one pound (*) Units of 100 (x) Units of 1,000
N.Q.: not quoted; N.A.: not available.

INTEREST RATES

Eurocurrency Deposits

Sept. 26

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1M.	9⅝ - 9½	5⅝ - 5⅜	4⅞ - 4⅝	9⅞ - 9⅝	12⅝ - 12½	9⅞ - 9⅝	-
2M.	9⅝ - 9½	5⅛ - 5⅜	4⅝ - 4½	9½ - 9⅜	13 - 13⅛	9⅞ - 9⅝	-
3M.	9⅝ - 9½	5⅜ - 5¼	4⅝ - 4½	9⅝ - 9⅜	13⅝ - 14⅜	9⅞ - 9½	ns
6M.	9⅝ - 9⅜	5⅜ - 4	4⅝ - 4⅜	9⅝ - 9⅜	5⅝ - 5⅜	9⅞ - 9⅝	-
1Y.	9⅝ - 10	4⅝ - 4⅜	4⅝ - 4¼	9⅝ - 9⅝	16 - 16⅛	10 - 10⅛	-

Key Money Rates

United States	Close	Prev.
Discount Rate	8½	8½
Federal Funds	9	8⅞
Prime Rate	11	11
Broker Loan Rate	10½	10½
Comm. Paper, 30-179 days	9	9
3-month Treasury Bills	8.71	8.78
6-month Treasury Bills	8.80	8.84
CD's 30-59 days	8.50	8.75
CD's 60-89 days	8.90	8.80

West Germany		
Lombard Rate	5.50	5.50
Overnight Rate	5.55	5.55
One Month Interbank	5.70	5.70
3-month Interbank	5.85	5.90
6-month Interbank	6.30	6.35

Japan		
Discount Rate	5½	5½
Call Money	6⅝	6⅝
10-day Interbank	6⅝	4⅝

Britain	Close	Prev.
Bank Base Rate	9½	9½
Call Money	10	9⅞
91-day Treasury Bill	9	9⅛
3-month Interbank	9⅝	9⅝

France		
Intervention Rate	12¼	12¼
Call Money	12⅝	12¼
One-month Interbank	12⅝	12⅝
3-month Interbank	12⅝	12⅝
6-month Interbank	12½	12½

Sources: Commerzbank, Bank of Tokyo, Lloyds Bank.

GOLD PRICES

	A.M.	P.M.	Chge
Hong Kong	418.625	417.75	+ 3.80
Luxembourg	416.25	—	+ 2.45
Paris (12.5 kilo)	417.00	417.60	+ 3.54
Zurich	417.55	415.95	+ 2.70
London	416.25	415.00	+ 2.00
New York	415.00	—	+ 2.00

Official fixings for London, Paris and Luxembourg, opening and closing prices for Hong Kong and Zurich, N.Y. Handy & Harman. U.S. dollars per ounce.

Hong Kong Dollar Rises as Government, Banks Act

By J.L. Battenfeld

United Press International

HONG KONG — The Hong Kong dollar, driven to record lows by fears about the British colony's future, recovered slightly Monday amid a major rescue operation by the government and major banks.

The first phase in efforts to bolster the Hong Kong dollar included a rise in the prime lending rate by 3 percentage points to 16 percent.

Other moves were expected to involve more active intervention by the government's exchange fund — the basket of hard currency supporting Hong Kong banknotes — to stabilize the local unit's exchange rate.

After hitting a record low of about 9.55 to the American dollar on Saturday — following a half-day of trading during which the colony's currency slid 8 percent, the Hong Kong dollar closed up Monday at 8.425.

But most traders waited on the sidelines for the government's next move.

Jimmy McGregor, director of the Hong Kong General Chamber of Commerce, while noting that the boost "initially" will hurt manufacturers, said the "most responsible manufacturers will support this temporary measure.

"It's the first line of attack in order to improve the state of the Hong Kong dollar," Mr. McGregor said.

The Hong Kong currency has been slipping for months, largely because of uncertainty over the colony's future and a perceived lack of progress in Chinese-British talks over Hong Kong, whose 5.2 million people have Asia's third-highest per-capita income.

The sharp drop of the Hong Kong dollar has led to predictions of increased costs and higher inflation, currently at about 9 percent.

In a statement Sunday night following consultations between government and financial leaders, the government said it was "actively" developing proposals "to produce an exchange rate which would more accurately reflect the fundamental strength of the economy."

The lease on about 90 percent of the colony's land area expires in 1997 and China has vowed to reclaim the entire territory by that date.

The fourth session in the current round of Chinese-British talks on Hong Kong recessed Friday in Beijing. A fifth session is to be held Oct. 19-20.

W. Germans, Dutch Fight Steel Cuts

Reuters

BRUSSELS — West Germany and the Netherlands have emerged as the main opponents of plans for a sweeping new round of steel plant closures in the 10-nation European Community, officials said Monday.

But the EC's executive commission has reaffirmed its pledge to push through the capacity cuts as the minimum needed to restore the recession-hit industry's battered finances.

Several governments, notably Italy, which had initially been hostile to the commission's strategy, had since softened their opposition, the officials said.

The commission's senior competition official, Frans Andriessen, said in June that the steel industry needed to slash a total of 29.4 million tons, or about one-fifth, from its finished steelmaking capacity by 1986.

Despite a legal challenge from Bonn, Mr. Andriessen told the community's steel consultative committee last week that the cuts, and the apportionment of capacity among the nations, were irrevocable.

The closures were made a condition for further commission approval of the state aid the governments have used to keep their steel companies afloat.

The cuts would involve the loss of between 100,000 and 150,000 jobs in the steel industry to bring output into line with depressed demand from such traditional customers as the car, engineering and construction industries.

The officials quoted Mr. Andriessen as saying that the West German government was taking the most intransigent line in negotiations over the cuts.

Last week West Germany said it would challenge the commission's plans in the European Court of Justice, contending that it unfairly discriminated against its steelmakers.

The Bonn government has repeatedly maintained that the much higher state subsidies handed out to steel companies by governments in France, Italy and Britain have damaged its industry.

But Mr. Andriessen was said to be confident that his call for a further 1.3 million tons of cuts in West Germany's capacity would be upheld by the court.

The officials said the Dutch government, asked to trim a further 770,000 tons from its industry, was also taking a tough line in opposing the cuts.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street

(Continued from Page 8)

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s).
b—annual rate of dividend plus stock dividend.
c—liquidating dividend.
cld—called.
d—new yearly low.
e—dividend declared or paid in preceding 12 months.
g—dividend in Canadian funds, subject to 15% non-residence tax.
i—dividend declared after split-up or stock dividend.
j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k—dividend declared or paid this year, an accumulative issue with dividends in arrears.
n—new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd—next day delivery.
P/E—price-earnings ratio.
r—dividend declared or paid in preceding 12 months, plus stock dividend.
s—stock split. Dividend begins with date of split.
sls—sales.
t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u—new yearly high.
v—trading halted.
vi—in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd—when distributed.
wi—when issued.
ww—with warrants.
x—ex-dividend or ex-rights.
xdis—ex-distribution.
xw—without warrants.
y—ex-dividend and sales in full.
yld—yield.
z—sales in full.

COMPANY EARNINGS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

France

Cie Fin. de Suez

	1983	1982
Year		
Profits	818.	813.

Moulinex

1st Half	1983	1982
Profits	56.19	23.61

Hong Kong

Swire Pacific

1st Half	1983	1982
Profits	435.1	200.9

United States

General Mills

1st Quar	1984	1983
Revenue	1,308.	1,280.
Net Inc.	72.50	40.50
Per Share	1.52	1.30

1984 net includes gain of $21.3 million from sale of assets.

Hammermill Paper

3rd Quar.	1983	1982
Revenue	308.0	212.6
Net Inc.	4.79	5.97
Per Share	0.45	0.58
9 Months	1983	1982
Revenue	1,080.	971.0
Net Inc.	14.06	27.28
Per Share	1.30	2.87

1982 9 months include gain of $3.7 million from debt-equity swap.

(Continued on Page 16)

U.S. Future Prices Sept. 26

Grains

	Open	High	Low	Close	Chg.
WHEAT 5,000 bu minimum- dollars per bushel					
Sep	3.94½	3.94	3.90	3.94¼	
Dec	3.71	3.75	3.68¾	3.74¼	+.00½
Mar	3.87	3.91	3.85	3.90¼	
May	3.97½	3.96¼	3.90¾	3.96	—.00¼
Jul	3.87½	3.87½	3.82¾	3.87	
Dec	4.07½	4.08	4.03¼	4.06	—.01¼
Est. Sales		Prev. Sales 19,138			
Prev. Day Open Int. 66,342 off 1,058					
CORN 5,000 bu minimum- dollars per bushel					
Sep	3.35¾	3.36	3.29	3.31¼	—.05½
Dec	3.54½	3.51¼	3.45½	3.49	—.05¼
Mar	3.61	3.51¼	3.52	3.54	—.07¼
May	3.63¾	3.63¾	3.54¾	3.56¾	—.07¼
Jul	3.61¾	3.62	3.54	3.57	—.04¾
Dec	3.17	3.17½	3.10	3.10¾	—.07¼
Est. Sales		Prev. Sales 47,723			
Prev. Day Open Int. 229,630 off 683					
SOYBEANS 5,000 bu minimum- dollars per bushel					
Sep	9.13	9.13	8.80½	8.82½	—.28
Nov	9.07	9.09	8.79	8.79	—.30
Jan	9.20	9.23	8.93	8.93	—.30
Mar	9.33	9.34	9.05	9.05	—.30
May	9.31	9.36	9.07½	9.07½	—.30
Jul	9.26½	9.28	8.98½	8.98½	—.30
Aug	8.96	8.97	8.67½	8.67½	—.30
Nov	7.32	7.25	7.00	7.07½	—.27
Est. Sales		Prev. Sales 41,236			
Prev. Day Open Int. 144,759 off 614					
SOYBEAN MEAL 100 tons- dollars per ton					
Sep	228.00	228.00	218.80	227.00	—7.00
Oct	235.80	236.50	226.50	229.00	—6.00
Dec	239.00	240.50	230.00	233.30	—6.20
Jan	240.50	241.00	251.20	234.20	—6.50
Mar	241.80	244.50	234.00	237.80	—7.00
May	244.00	245.50	235.00	237.00	—7.00
Jul	245.00	246.00	235.00	237.00	—7.00
Aug	227.60	227.60	225.00	226.50	—6.50
Oct	200.00	204.00	199.50	201.00	—8.00
Dec	197.20	204.00	197.20	201.50	—5.70
Est. Sales		Prev. Sales 16,006			
Prev. Day Open Int. 66,432 off 734					
SOYBEAN OIL 60,000 lbs.- dollars per 100 lbs.					
Sep	29.25	29.25	28.25	28.55	—.70
Oct	34.90	34.90	32.87	33.87	—1.00
Dec	35.17	35.17	34.17	34.17	—1.00
Jan	35.13	35.12	34.13	34.13	—1.00
Mar	34.80	34.80	33.80	33.80	—1.00
May	34.20	34.20	33.20	33.20	—1.00
Jul	33.18	33.10	32.16	32.20	—.96
Aug	21.75	31.75	30.75	30.78	—.97
Oct	27.00	27.00	26.70	26.70	—1.00
Dec	26.60	26.60	26.00	26.02	—.75
Est. Sales		Prev. Sales 15,153			
Prev. Day Open Int. 74,417 up 7,425					
OATS 5,000 bu minimum- dollars per bushel					
Sep	2.14	2.14	3.14	2.14	—.02
Dec	1.91¾	1.91¾	1.85	1.88¾	—.02¼
Mar	2.02½	2.02½	1.96	2.00	—.02½
May	2.08½	2.08½	2.04½	2.07	—.01½
Jul	2.19	2.12	2.09	2.12	—.07
Est. Sales		Prev. Sales 1,849			
Prev. Day Open Int. 9,440 off 64					

Livestock

	Open	High	Low	Close	Chg.
CATTLE 40,000 lbs.- cents per lb.					
Oct	61.05	61.17	60.47	60.85	—.30
Dec	61.05	61.47	60.90	61.27	+.07
Feb	61.90	62.16	61.55	61.87	
Apr	63.85	64.00	63.52	63.72	
Jun	65.60	65.70	65.25	65.57	+.10
Aug	64.85	64.85	64.30	64.62	+.05
Est. Sales 14,400		Prev. Sales 22,947			
Prev. Day Open Int. 53,139 off 680					
FEEDER CATTLE 44,000 lbs.- cents per lb.					
Oct	60.55	60.97	60.05	60.90	+.45
Nov	61.32	61.95	60.95	61.87	+.40
Jan	64.25	64.70	64.25	64.70	+.40
Mar	65.30	65.75	64.95	65.75	+.45
Apr	65.10	65.85	64.95	65.82	+.32
May	64.65	65.25	64.65	65.25	+.25
Aug	64.80	65.20	64.55	64.90	—.18
Est. Sales 3,740		Prev. Sales 4,328			
Prev. Day Open Int. 10,808 off 744					
HOGS 30,000 lbs.- cents per lb.					
Oct	40.95	42.00	40.95	41.87	+1.27
Dec	41.65	42.37	41.48	42.12	+.75
Feb	45.70	46.32	45.42	46.27	+.55
Apr	46.05	46.35	45.90	46.20	+.35
Jun	51.95	52.25	51.85	52.12	+.27
Jul	53.50	54.05	53.45	53.90	+.08
Aug	53.25	53.75	53.25	53.40	+.15
Est. Sales 9,180		Prev. Sales 14,706			
Prev. Day Open Int. 34,730 up 17					
PORK BELLIES 38,000 lbs.- cents per lb.					
Feb	59.40	60.60	59.40	60.50	+1.80
Mar	59.70	60.85	59.70	60.37	+1.00
May	61.45	62.55	61.45	62.25	+.90
Jul	62.60	63.60	62.60	63.40	+.83
Aug	62.50	62.90	62.40	62.50	+.90
Est. Sales 6,423		Prev. Sales 6,220			
Prev. Day Open Int. 15,768 up 252					

Food

	Open	High	Low	Settle	Chg.
COFFEE C 37,500 lbs.- cents per lb.					
Dec	133.15	133.70	132.40	132.59	—1.31
Mar	130.25	130.35	129.45	129.65	—.75
May	127.75	127.75	127.00	127.10	—.75
Jul	126.01	126.01	125.30	125.33	—.92
Sep	124.00	124.00	123.50	123.62	—.68
Dec	122.50	122.50	122.50	122.25	—.50
Est. Sales 1,280		Prev. Sales			
Prev. Day Open Int. 9,095 up 98					
SUGAR WORLD 11 112,000 lbs.- cents per lb.					
Oct	8.95	9.32	8.95	9.31	+.09
Jan	9.86	10.15	9.86	10.12	+.02
Mar	10.48	10.74	10.48	10.73	+.07
May	10.83	11.17	10.83	11.16	+.12
Jul	11.13	11.40	11.13	11.45	+.19
Sep	11.80	11.44	11.38	11.44	+.19
Oct	11.51	11.82	11.58	11.80	+.17
Jan	12.00	12.22	12.00	12.22	+.17
Est. Sales 15,400		Prev. Sales 665			
Prev. Day Open Int. 84,203 off 1,576					
COCOA 10 metric tons- $ per ton					
Dec	2065	2109	2042	2105	+45
Mar	2077	2128	2052	2119	+46
May	2090	2120	2074	2130	+35
Jul	2100	2145	2100	2145	+35
Sep	2150	2150	2150	2150	+25
Est. Sales 4,191		Prev. Sales 5,797			
Prev. Day Open Int. 37,660 off 159					
ORANGE JUICE 15,000 lbs.- cents per lb.					
Nov	120.70	120.10	119.25	119.25	—.85
Jan	115.45	115.50	114.10	114.60	—.85
Mar	113.95	114.00	113.25	113.70	—.18
May	112.75	113.15	112.75	113.10	—.80
Jul	112.60	113.20	112.60	112.90	—.40
Jan	110.50	110.50	110.30	110.20	—.10
Est. Sales 200		Prev. Sales 504			
Prev. Day Open Int. 6,365 up 82					

Metals

	Open	High	Low	Settle	Chg.
COPPER 25,000 lbs.- cents per lb.					
Sep	70.50	70.50	69.85	69.85	—.70
Oct	69.90	59.90	69.80	69.00	—.70
Nov	70.60	70.60	70.60	70.60	—.70
Dec	71.90	72.20	71.25	71.30	—.70
Jan	72.55	72.55	72.00	72.00	—.75
Mar	74.20	76.70	73.40	73.45	—.75
May	75.55	75.55	74.85	74.85	—.75
Jul	77.10	77.18	76.25	76.25	—.75
Sep	78.35	78.50	77.40	77.40	—.75
Dec	80.35	80.60	79.40	79.40	—.75
Jan	80.25	80.25	80.25	80.25	—.75
Mar	82.35	82.35	81.65	81.40	—.75
May	84.00	84.00	82.95	82.95	—.75
Jul	85.20	85.55	84.30	84.30	—.75
Est. Sales 8,500		Prev. Sales 8,820			
Prev. Day Open Int. 189,357 up 1,934					
SILVER 5,000 troy oz.- cents per troy oz.					
Sep	1208.0	1213.0	1198.0	1200.0	—11.0
Oct	1207.0	1207.0	1201.0	1207.0	—11.0
Nov	1211.0	1211.0	1211.0	1211.0	—11.0
Dec	1222.0	1222.5	1213.0	1221.0	—11.0
Jan	1231.4	1231.4	1231.4	1231.4	—11.1
Mar	1259.0	1264.0	1247.0	1252.4	—11.4
May	1282.0	1282.0	1274.2	1274.2	—11.5
Jul	1301.0	1304.0	1292.0	1296.0	—11.7
Sep	1325.0	1328.7	1317.0	1317.5	—11.9
Dec	1368.0	1368.0	1349.0	1350.8	—11.9
Jan	1373.0	1373.0	1361.8	1361.5	—11.9
Mar	1383.8	1383.8	1383.8	1383.8	—11.9
May	1405.8	1405.8	1405.8	1405.8	—11.9
Jul	1427.0	1427.5	1427.8	1427.5	—11.9
Est. Sales 23,000		Prev. Sales 30,021			
Prev. Day Open Int. 52,105 up 411					
PLATINUM 50 troy oz.- dollars per troy oz.					
Oct	434.00	454.50	431.00	431.30	—4.40
Jan	443.50	449.00	439.00	439.50	—5.10
Apr	450.00	450.50	445.00	445.50	—5.10
Jul	454.00	454.00	454.00	453.50	—5.10
Oct	463.00	463.00	463.00	462.00	—3.00
Est. Sales 3,296		Prev. Sales 2,060			
Prev. Day Open Int. 15,814 up 121					
PALLADIUM 150 troy oz- dollars per oz					
Sep	152.50	152.50	151.00	156.00	+4.75
Oct				151.10	—.16
Dec	151.90	152.00	150.05	151.10	—.16
Mar	153.00	152.50	151.00	152.35	—.18
Jun	153.00	153.80	152.50	153.60	—.16
Sep	154.00	154.00	154.00	154.85	—.16
Dec	155.00	155.50	155.00	156.35	—.16
Est. Sales 446		Prev. Sales 377			
Prev. Day Open Int. 9,070 off 16					
GOLD 100 troy oz.- dollars per troy oz.					
Sep	416.00	416.00	415.70	415.10	—1.40
Oct	417.00	417.30	414.80	418.00	—1.40
Nov	418.80	418.80	418.80	418.80	—1.40
Dec	424.80	424.30	420.70	421.90	—1.70
Feb	431.50	431.00	425.30	428.90	—1.80
Apr	436.70	436.70	434.50	436.00	—1.00
Jun	445.60	445.80	443.00	442.20	—2.00
Aug	451.30	451.80	450.20	450.60	—2.19
Oct	457.00	458.20	457.00	458.20	—2.20
Dec	467.00	468.20	465.00	465.90	—2.20
Feb	473.70	473.70	473.70	473.70	—2.40
Apr	481.60	481.60	481.60	481.60	—2.50
Jun	489.60	489.60	489.60	489.60	—2.40
Est. Sales 33,000		Prev. Sales 40,739			
Prev. Day Open Int. 120,851 up 852					

Financial

	Open	High	Low	Settle	Chg.
US T. BILLS $1 million- pts of 100 pct.					
Dec	91.07	91.14	91.04	91.12	+.16
Mar	90.73	90.77	90.69	90.75	+.16
Jun	90.47	90.51	90.47	90.48	+.14
Sep	90.28	90.30	90.24	90.25	+.12
Dec	90.05	90.07	90.01	90.02	+.17
Mar	89.87	89.87	89.82	89.82	+.11
Jun	89.65	89.65	89.60	89.62	+.10
Est. Sales 13,507		Prev. Sales 12,800			
Prev. Day Open Int. 44,356 up 179					
18 YR. TREASURY $100,000 prin- pts & 32nds of 100 pct					
Sep	79-23	79-22	79-19	79-22	+9
Dec	81-9	81-12	81-1	81-8	+10
Mar	80-21	80-23	80-14	80-20	+9
Jun	80-5	80-7	05	80-4	+9
Dec				79-10	+9
Est. Sales		Prev. Sales 3,293			
Prev. Day Open Int. 13,282 up 904					
US TREASURY BONDS (8 pct-$100,000-pts & 32nds of 100 pct)					
Sep	71-19	71-21	71-10	71-18	+10
Dec	73	73-4	72-19	72-29	+10
Mar	72-15	72-18	72-1	72-12	+10
Jun	71-30	72-2	71-21	21-30	+10
Sep	70-18	70-19	70-11	70-19	+10
Dec	71-10	71-10	71	71-8	+10
Mar	70-30	71-1	70-24	71	+10
Jun				70-25	+10
Dec	70-11	70-14	70-6	70-14	+10
Mar	70-5	70-10	70-2	70-10	+10
Jun				70-7	+19
Est. Sales		Prev. Sales 66,746			
Prev. Day Open Int. 151,477 off 2,500					
GNMA $100,000 prin- pts & 32nds of 100 pct					
Sep	67-5	67-10	67	67-10	+9
Dec	69-10	69-16	69-1	69-15	+9
Mar	68-14	68-19	68-4	68-18	+9
Jun	67-23	57-29	67-14	67-27	+9
Sep	65-27	65-30	65-22	65-30	+9
Dec	66-23	66-28	66-19	66-28	+9
Mar				66-16	+9
Jun				66-6	+9
Dec				65-24	+9
Est. Sales		Prev. Sales 3,140			
Prev. Day Open Int. 47,203 off 768					
CERT. DEPOSIT $1 million- pts of 100 pct					
Sep	90.82	90.82	90.80	90.81	+.10
Dec	90.55	90.56	90.46	90.54	+.16
Mar	90.17	90.17	90.07	90.13	+.16
Jun	89.88	89.88	89.86	89.86	+.14
Dec	89.37	89.37	89.37	89.42	+.13
Est. Sales		Prev. Sales 3,339			
Prev. Day Open Int. 18,508 up 151					
EURODOLLARS $1 million- pts of 100 pct.					
Dec	90.12	90.12	90.02	90.09	+.16
Mar	89.75	89.77	89.69	89.74	+.16
Jun	89.51	89.53	89.47	39.00	+.16
Sep	89.26	89.26	89.21	89.26	+.14
Dec	89.00	89.00	89.00	89.00	+.10
Mar	88.83	88.83	88.83	88.83	+.11
Est. Sales		Prev. Sales 2,730			
Prev. Day Open Int. 21,008 up 774					
BRITISH POUND $ per pound- 1 point equals $0.0001					
Dec	1.5040	1.5060	1.5020	1.5040	+25
Mar	1.5065	1.5075	1.5050	1.5065	+30
Est. Sales 2,938		Prev. Sales 3,431			
Prev. Day Open Int. 18,099 off 121					
FRENCH FRANC $ per franc- 1 point equals $0.00001					
Dec	.12315	.12316	.12315	.12316	—5
Est. Sales 10		Prev. Sales 46			
Prev. Day Open Int. 1,959 up 11					
GERMAN MARK $ per mark- 1 point equals $0.0001					
Dec	.3818	.3822	.3807	.3816	+19
Mar	.3851	.3856	.3845	.3853	+11
Jun	.3889	.3889	.3884	.3890	+10
Sep	.3938	.3939	.3938	.3920	+25
Est. Sales 12,438		Prev. Sales 12,667			
Prev. Day Open Int. 22,890 up 1,497					
SWISS FRANC $ per franc- 1 point equals $0.0001					
Dec	.4710	.4732	.4709	.4728	+15
Mar	.4773	.4786	.4766	.4783	+17
Jun	.4840	.4844	.4840	.4840	+11
Sep	.4900	.4900	.4900	.4900	+20
Est. Sales 18,017		Prev. Sales 16,451			
Prev. Day Open Int. 27,361 up 1,967					
Est. Sales 18,017		Prev. Sales 16,461			
Prev. Day Open Int. 27,361 up 1,967					
JAPANESE YEN $ per yen- 1 point equals $0.000001					
Dec	.004220	.004240	.004218	.004233	+18
Mar	.004253	.004270	.004253	.004265	+18
Jun	.004287	.004297	.004287	.004297	+17
Est. Sales 15,348		Prev. Sales 17,401			
Prev. Day Open Int. 33,096 up 4,299					

Industrials

	Open	High	Low	Settle	Chg.
LUMBER 130,000 bd. ft.- $ per 1,000 bd. ft.					
Nov	176.70	177.00	173.40	173.90	—2.00
Jan	191.00	192.00	187.20	189.10	—1.30
Mar	202.80	202.80	199.30	200.60	—.50
May	210.50	210.50	208.90	209.00	+1.00
Jul	216.30	256.30	216.30	217.00	+.30
Nov	223.00	223.00	223.00	223.00	
Sep	223.00	223.00	223.00	223.00	+.10
Est. Sales 2,689		Prev. Sales 4,120			
Prev. Day Open Int. 8,718 off 97					
WSTN. PLYWOOD 76,032 sq. ft.- $ per 1,000 sq. ft.					
Sep	205.00	205.00	204.00	204.00	
Nov	189.00	189.80	186.70	188.50	+.50
Jan	192.00	192.00	190.10	190.60	—.40
Mar	196.00	196.20	194.50	195.00	—.30
May	199.00	199.00	198.00	198.00	—.30
Jul	202.00	202.00	201.00	201.00	—.30
Est. Sales		Prev. Sales 146			
Prev. Day Open Int. 1,094 up 24					
COTTON 2 50,000 lbs.- cents per lb.					
Oct	74.95	75.25	74.15	74.35	—.50
Dec	77.00	77.15	76.10	76.25	—.55
Mar	78.60	78.65	77.85	77.98	—.57
May	79.40	79.50	78.85	78.85	—.40
Jul	80.85	80.05	79.80	19.45	—.52
Oct	75.70	75.75	75.70	75.40	—.50
Dec	75.07	75.25	74.55	74.60	—.65
Mar				75.10	—.50
Est. Sales 4,000		Prev. Sales 5,852			
Prev. Day Open Int. 25,410 up 300					
HEATING OIL 42,000 gal- cents per gal					
Oct	84.45	84.55	83.90	83.90	—.71
Nov	85.76	85.85	85.25	85.28	—.78
Dec	87.00	87.10	86.40	86.40	—.86
Jan	87.00	87.00	86.45	86.54	—.62
Feb	85.79	85.90	85.40	85.45	—.46
Mar	83.45	83.60	83.00	83.00	—.61
Apr	82.25	82.25	82.25	82.00	—.50
May	81.70	81.70	81.70	81.20	—.50
Jun				82.13	—.50
Est. Sales		Prev. Sales 4,077			
Prev. Day Open Int. 36,877 up 5					

Stock Indexes

	Open	High	Low	Settle	Chg.
SP COMP. INDEX points and cents					
Dec	171.85	172.60	170.85	171.50	+.10
Mar	173.35	174.05	172.40	172.95	+.05
Sep	175.35	175.85	175.35	175.15	—.5
Est. Sales 34,358		Prev. Sales 26,148			
Prev. Day Open Int. 22,482 off 310					
VALUE LINE points and cents					
Dec	206.05	206.45	204.55	205.30	—.15
Mar	207.28	207.85	206.00	206.65	—.10
Jun	208.00	208.00	208.00	208.00	—.05
Sep	203.40	203.40	202.20	203.23	+.45
Sep	207.35	207.35	209.25	209.35	
Est. Sales		Prev. Sales 2,150			
Prev. Day Open Int. 4,093 up 1,349					
NYSE COMP. INDEX points and cents					
Sep	98.20	98.90	97.80	98.15	+.10
Dec	99.35	99.85	98.80	99.20	+.10
Mar	100.20	100.75	99.65	100.70	+.15
Jun	101.00	101.35	101.00	101.00	+.30
Sep	102.00	102.00	102.00	102.00	+.35
Dec	103.00	103.00	103.00	102.90	+.50
Est. Sales 17,530		Prev. Sales 12,875			
Prev. Day Open Int. 11,806 off 46					

Chicago Board of Trade: Wheat, corn, soybeans, soybean meal, soybean oil, oats, fresh broilers, T-bonds, GNMA, 10-yr T-notes, plywood. Chicago Mercantile Exchange: Cattle, feeder cattle, hogs, pork bellies, lumber, S&P composite index. New York Mercantile Exchange: Maine potatoes, platinum, heating oil. Coffee, Sugar and Cocoa Exchange, New York: Coffee, sugar, cocoa. Cotton Exchange, New York: Orange juice, cotton. New York Comex: Copper, silver, gold. Int'l Monetary Market: T-bills, CD's, Eurodollars, British pound, Canadian dollar, French franc, German mark, Japanese yen, Swiss franc. Kansas City Board of Trade: Value Line. New York Futures Exch.: NYSE composite index.

Commodity Indexes

	Close	Previous
Moody's	1,059.30	1,059.00 f
Reuters	1,888.90	1,893.90
D.J. Futures	149.93	150.90

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

London Commodities Sept. 26

Figures in sterling per metric ton. Gasoil in U.S. dollars per metric ton.

	High	Low	Close		Previous	
SUGAR						
Oct	154.00	149.00	150.75	151.25	156.00	155.75
Dec	168.50	161.50	162.50	163.00	168.25	168.50
Mar	179.00	172.50	174.75	174.95	178.80	179.00
May	183.25	177.00	179.55	179.75	183.75	184.00
4,557 lots of 50 tons.						
COCOA						
Sep	1,462	1,445	1,455	1,460	1,450	1,458
Dec	1,501	1,466	1,493	1,494	1,483	1,484
Mar	1,493	1,463	1,491	1,492	1,486	1,488
May	1,501	1,476	1,500	1,503	1,502	1,503
Jul	1,511	1,491	1,509	1,512	1,502	1,503
Sep	1,518	1,502	1,5174	1,519	1,522	1,525
Dec	1,526	1,507	1,523	1,525	1,530	1,532
3,729 lots of 10 tons.						
COFFEE						
Sep	1,778	1,770	1,771	1,774	1,776	1,778
Nov	1,753	1,745	1,751	1,752	1,743	1,744
Jan	1,730	1,723	1,725	1,727	1,728	1,729
Mar	1,685	1,678	1,677	1,678	1,681	1,683
May	1,665	1,648	1,646	1,648	1,650	1,652
Jly	1,633	1,625	1,676	1,691	1,627	1,631
Sep	1,420	1,419	1,408	1,410	1,410	1,413
1,439 lots of 5 tons.						
GASOIL						
Sep	251.00	249.00	251.25	252.00	250.50	251.00
Oct	255.25	253.50	255.00	255.50	255.25	255.50
Nov	259.75	257.75	257.25	259.75	259.75	260.00
Dec	264.00	262.00	263.75	264.00	263.75	264.00
Jan	264.00	261.75	263.25	264.00	263.75	264.00
Feb	259.75	258.00	258.75	259.25	258.50	263.00
Mar	253.75	253.00	253.00	254.00	253.00	255.00
Apr	252.00	249.00	252.00	254.00	253.00	253.00
May	N.T.	N.T.	246.00	252.00	246.00	254.00
1,391 lots of 100 tons.						
GOLD						
Sep	417.20	415.20	416.00	417.00	N.Q.	N.Q.
Oct	N.T.	N.T.	419.00	421.00	412.00	414.00
Nov	N.T.	N.T.	422.00	422.90	415.00	420.00
Dec	425.10	422.00	424.60	427.90	421.60	422.00
Jan	430.50	430.50	429.00	430.00	424.50	425.50
Feb	N.T.	N.T.	432.50	434.50	428.50	429.00
Mar	N.T.	N.T.	437.00	438.00	431.80	433.30
651 lots of 100 troy oz.						

London Metals Sept. 26

Figures in sterling per metric ton. Silver in pence per troy ounce.

	Today		Previous	
High grade copper cathodes:				
spot	1,036.00	1,037.00	1,036.00	1,037.00
3 months	1,063.50	1,064.00	1,063.50	1,064.00
Copper cathodes:				
spot	1,011.00	1,011.50	1,009.00	1,010.00
3 months	1,037.00	1,038.00	1,034.00	1,036.00
Tin: spot	8,486.00	8,487.00	8,535.00	8,540.00
3 months	8,410.00	8,420.00	8,420.00	8,423.00
Lead: spot	291.00	292.00	282.00	282.50
3 months	301.50	302.00	291.50	292.00
Zinc: spot	558.50	559.00	557.00	558.00
3 months	575.00	575.50	572.50	573.00
Silver: spot	796.50	799.50	796.50	797.00
3 months	818.00	818.50	815.10	816.00
Aluminium:				
spot	1,084.00	1,085.50	1,071.00	1,072.50
3 months	1,113.50	1,114.50	1,099.50	1,100.00
Nickel: spot	3,204.00	3,205.00	3,240.00	3,243.00
3 months	3,285.00	3,287.00	3,315.00	3,320.00

Paris Commodities Sept. 26

Figures in French Francs per metric ton.

	High	Low	Close		Ch'ge
SUGAR					
Dec	2,090	2,075	2,085	2,095	—45
Mar	2,305	2,294	2,293	2,295	—70
May	2,405	2,400	2,395	2,400	—65
Aug	2,525	2,520	2,515	2,530	—65
Oct	N.T.	N.T.	2,585	2,605	—65
Dec	N.T.	N.T.	2,660	2,670	—60
700 lots of 50 tons. Open interest: 13,177					
COCOA					
Sep	N.T.	N.T.	1,720	—	—
Dec	1,817	1,790	1,810	1,816	—10
Mar	1,830	1,514	1,827	1,830	—22
May	N.T.	N.T.	1,835	—	—25
Jly	N.T.	N.T.	1,860	—	—20
Sep	N.T.	N.T.	1,880	—	—20
Dec	N.T.	N.T.	1,900	—	—20
120 lots of 10 tons. Open interest: 1,007					
COFFEE					
Sep	2,130	2,130	2,110	2,200	—10
Nov	2,110	2,110	2,100	2,115	—10
Jan	N.T.	N.T.	2,095	2,105	Unch.
Mar	2,095	2,095	2,085	2,094	—10
May	2,080	2,070	2,070	2,075	—10
Jly	N.T.	N.T.	2,055	2,075	—20
Sep	2,075	2,075	2,060	—	Unch.
34 lots. Open interest: 100					

Cash Prices Sept. 26

Commodity and Unit	Mon	Year Ago
Coffee 4 Santos, lb	1.36½	1.37½
Printcloth 64/30 38 ½, yd	0.66½	0.55
Steel billets (Pitt.), ton	453.00	428.00
Iron 2 Fdry. Phila., ton	213.00	213.00
Steel scrap No 1 hvy Pitt.	79-80	57-58
Lead Spot, lb	22-23	24½
Copper elect., lb	74	70-72
Tin (Straits), lb	6.4086	6.2544
Zinc, E. St. L. Basis, lb	0.46	0.40
Palladium	152	—
Silver N.Y., oz	11.98	8.40

NYSE Highs-Lows Sept. 26

NEW HIGHS 97

AMR Cp pf
AllisChalm pf
AmesDept s
Beat Food
Benef 6.50pf
CSX Cp pf
CastlCks pf
Clevpk 1.84p
Conair n
DeanFds s
EatonCp
Esmark pf
FMCCp pf
FreeptMcM
GerberPrd
Hershey s
IBM
IowaRsrcs
Kolyind pfB
LTV 3.06pf
Meredith s
Motorola
NatSvcIn s
NorthTel s
PennCentrl
PrimeMot s
RCA 2.12cvpf
Sanders wi
Southern Co
SunBksInc
TeleratsInc
UnJersy Bk
Zale Corp

AbbtLabs
AmPresId n
Avco Corp
BeatF 5.38pf
BristMyer s
CdnPac g
ClevCliff
Compugr
ConEdisn
Delmar PL
EatonCp pf
Esquire s
FtBakrFla
GF Corp s
NMW Ind
Nitachi
IntrpubGp
Japan Fnd
Kimb Clark
LowterIntl
Midcon
Murphy GC
Nortek Inc
Oxfordind s
PennCen cv p
RCA
Robins AH
Seagram s
SoaN Eng T1
SuprValue
Teradyne s
ValeroEn pf

Adams Drg
AmStores s
BarnetBk
Bendix cv pf
Brunswk
CaroPwL t
Clevpk 2.23p
ConAgra
ConEd 6pfB
DiamSh pf
Echlininc
FMC
FordMot
Gemini Cap
Hecksinc
Indiana Gas
IowaIll GB
Koty Ind
Kysorind
Lowenstn
Mont Pow
NCR Corp
Norind PS
PPG s
Premrind
RCA cv4pf
Sanders
Shaw Indust
SoaNETI wi
SymsCp n
Unitind wt
WiscEP

NEW LOWS 5

EasinAirL
Mattel Inc

EstnAir pfC
Mattel wt

FlowGenl

AMEX Highs-Lows Sept. 26

NEW HIGHS 21

AmWells n
CdMarc s g
Crowley Mil
FlukeJohn
IRT Prop
PostlPr s
Seton wi

Avondal Mil
CandgaWne n
Domtar g
Prisch Rst
MarkProd
RioAlgom g
SikesCp A

CDI Corp
Chilton s
Eastgroup
IMC Mag
Mich Genl
SetonCo s
TIE Comm s

NEW LOWS 8

Cognitrn n
EverJn B
Ozark Air

ContlAir n
Palomar
TexasAirCp

ContlAir pf
HouOilTr

Dividends Sept. 26

Company	Per	Amt.	Pay.	Rec.
INCREASED				
Ntl Convenience St	Q	.15	10-21	[illegible]
STOCK SPLITS				
Chi Chi's — 3-for-2				
Natl Convenience Stores — 3-for-2				
Nova Beaucage — 7-for-1				
SPECIAL				
Sonesta Intl Hotels	—	4.18	10-6	[illegible]
INITIAL				
Fay's Drug Strs	Q	.03½	10-14	[illegible]
Mountain Fuel Sup	Q	.36	12-12	[illegible]
USUAL				
Bankers Trust ny	Q	.56½	10-25	[illegible]
Central Banking Sys	Q	.30	10-15	[illegible]
Crownamerica Inc	Q	.09	10-17	[illegible]
Fred Hollywood	Q	.10	11-15	[illegible]
General Mills Inc	Q	.51	11-1	[illegible]
Liberty National	Q	.25	10-17	[illegible]
Pan Amer Banks	Q	.15½	12-30	[illegible]
Ponax Industries	Q	.07½	11-1	[illegible]
Piedmont Aviation	Q	.07	11-28	[illegible]
Raymond Eng	Q	.05½	10-15	[illegible]
Rohm & Haas Co	Q	.40	12-1	[illegible]
SCA Services	Q	.05	11-16	[illegible]
Schrader (Abe)	Q	.00	10-28	[illegible]
Shopwell Inc	Q	.04	11-10	[illegible]
Sumitomo Bank Cali	Q	.29	10-25	[illegible]
TRE Corp	Q	.25	11-1	[illegible]
Texas Instruments	Q	.50	10-31	[illegible]
Utd Va Bkshrs	Q	.32	10-09	[illegible]

A-Annual; M-Monthly; Q-Quarterly; S-Semi-Annual.

BUSINESS BRIEFS

British Government Stands to Gain £565.5 Million on Sale of BP Shares

LONDON (AP) — The sale of 130 million government-owned shares in British Petroleum will bring the government £565.5 million ($849 million), the Bank of England announced Monday.

The shares, offered for sale by tender with a £4.05 minimum price, will go for £4.35 each, a "striking price" 5 pence higher than forecasts by investors Friday, when the offering sold out in 60 seconds. Investors said the high price was a sign of confidence in BP.

The Bank of England said 79,710 applications at or above the striking price were received for 171,452,750 shares.

The sale, announced in July, was part of a series of measures by Prime Minister Margaret Thatcher's Conservative government to make up for overspending. The government stake in BP has fallen from more than 50 percent to less than 33 percent in four years.

Kuwait Warns OPEC to Heed Quotas

KUWAIT (AP) — Sheikh Ali Khalifa al-Sabah, Kuwait's oil minister, warned OPEC states Monday against exploiting the relative stability of the world oil market by increasing output and said OPEC's production ceiling should not be raised "at least till the end of the last quarter of this year."

"Any increase in production will spur consumer states to stockpiling," Sheikh Ali told the newspaper al-Qabas. This in turn would lead to "a return of the oil glut," he said. He did not accuse any of the 13 OPEC states of overproducing, and he denied that there was any trend within OPEC to raise production levels or prices.

Low demand forced the Organization of Petroleum Exporting Countries to fix production quotas last March for its member states totaling 17.5 million barrels a day. At the same time, OPEC cut its reference price $5 to $29 a barrel.

Turkey Orders Small Bank Takeover

ISTANBUL (Reuters) — The Finance Ministry has ordered the takeover of a small bank, Isci Kredi Bankasi, officials of the bank said Monday. They said the ministry ordered one of the country's largest banks, Turkiye Is Bankasi, to take over and guarantee the deposits of Isci as an interim measure.

A law that went into effect in July empowers the Finance Ministry to bring troubled banks under ministry control or to order a takeover by another bank.

Turkiye Is Bankasi, which is 80 percent state-owned, will prepare a report for the ministry within two weeks on the future of Isci Kredi, whose board has been dissolved, the officials said.

U.S. Steel Not Hopeful on U.K. Deal

PITTSBURGH (AP) — Thomas C. Graham, vice chairman of U.S. Steel Corp., said Monday that chances were "less than 50-50" for an agreement with British Steel for a joint operating project at U.S. Steel's Fairless Works near Philadelphia.

Mr. Graham, in remarks prepared for a group of New York financial experts, said negotiations were nevertheless continuing with British Steel on a plan to import semi-finished slab steel from Scotland for finishing at Fairless.

The United Steelworkers of America union strongly opposes the plan. Mr. Graham said U.S. Steel would work with a union task force looking into alternatives for the Fairless Works plant.

Brock Urges Action on Protectionism

MEECH LAKE, Quebec (AP) — Specific action is required to control the growth of protectionist measures, U.S. Trade Representative William E. Brock said Monday. But he did not spell out what of action he might propose during a two-day meeting with Canadian, Japanese and European officials at Meech Lake, a government retreat north of Ottawa.

Mr. Brock said the objective of the informal meeting of trade ministers was to begin turning into action the commitment to liberalize world trade that was made in June by leaders of the seven major industrialized nations in Williamsburg, Virginia.

He said, however, that he did not expect anything concrete to result from his talks with Gerald Regan of Canada, Wilhem Haferkamp of the European Community and Sosuke Uno of Japan.

Kohlberg Kravis Raises Bid for HMW

STAMFORD, Connecticut (Reuters) — HMW Industries Inc. and Kohlberg Kravis Roberts & Co. said Monday that the merger terms between HMW and companies controlled by Kohlberg Kravis had been amended. Under the new accord, Kohlberg Kravis would pay $44 for each HMW share, up from the $40 agreed previously. HMW said its board unanimously approved the amendment, giving the transaction a value of more than $70 million.

Kohlberg Kravis also has agreed to surrender options to purchase up to 1.3 million HMW treasury shares at $40 apiece, the companies said. HMW has about 1.6 million common shares outstanding.

Clabir Corp. has proposed a two-step merger with HMW, the first step of which calls for it to purchase one million HMW common shares at $43 a share. Earlier this month Clabir sued in federal court to void the options granted to Kohlberg Kravis by HMW. HMW has resisted the Clabir bid.

ACF Says Talks With Icahn Faltering

NEW YORK (AP) — ACF Industries Inc. said Monday that it had been unable to reach agreement concerning the company's possible acquisition by a New York investment group headed by Carl Icahn.

ACF, a leading builder and lessor of rail freight cars, also said that "several people" had indicated interest in proposing a leveraged buyout of ACF and the company was discussing a transaction that would be acceptable to a nonmanagement, independent committee of the ACF board.

U.K. Trade Gap Slimmed in Month

Reuters

LONDON — Britain had a trade deficit of £138 million ($207 million) in August after a £350-million deficit in July, the Department of Trade and Industry said Monday.

The current account, which includes trade in merchandise and non-merchandise items, had a £22 million surplus in August in contrast to July's £190 million deficit. The July deficit was revised from £100 million.

Exports rose to £4.93 billion in August from £4.73 billion in July while imports fell to £5.06 billion from £5.08 billion, the department said.

Denmark's Trade Deficit

The Associated Press

COPENHAGEN — Denmark's trade deficit narrowed to 400 million kroner ($42 million) in August from 1.14 billion kroner a year earlier, the Danish Bureau of Statistics said Monday. July's trade deficit was 124 million kroner.

Big S. Korean Bank Fires 10 in Scandal

The Associated Press

SEOUL — Cho-Heung Bank, one of South Korea's largest commercial banks, said Monday that it had dismissed 10 employees in connection with a banking scandal involving 167 billion won ($211 million).

The government prosecution office said it has begun an investigation of the 10 employees as well as two companies after the bank filed complaints.

The bank's president, Lee Hun Seung, said at a news conference that bank auditors had discovered that bank promissory notes totaling 167 billion won were issued illegally by some bank employees between February 1980 and last Sept. 15.

At the end of 1981, Cho-Heung listed assets of 5.417 trillion won.

Mr. Lee said said 47.1 billion won of the illegally issued promissory notes have been cashed, and said his bank will pay against the rest of the notes when they are presented to protect the bank's credibility.

He said his bank has secured 93 billion won of collateral from the two companies involved and was trying to secure more with the help of the tax office.

He disclosed that some bank employees issued promissory notes for the two concerns by using forms and bank seals without authorization from senior executives.

The two companies said to be involved were identified as Yungdong Development Promotion Co. and Shinhan Cast Iron Co., both of Seoul.

The companies had used the promissory notes in purchasing real estate, paying interest for private loans or for operational funds.

Yungdong has 13 subsidiaries and affiliated companies, including So-Il General Construction Co. which, the bank said, has $247 million dollars of construction projects under way.

Son Chang Sun, president of Shinhan, and Park Chong Ki, one of the 10 bank employees dismissed, left the country at about the time the bank audit started on Sept. 15, Mr. Lee said.

Prosecution officials said nine bank employees were under interrogation, and authorities were looking for one former bank executive and the chairwoman and the president of Yungdong.

Britoil Issues $100 Million In Eurobonds

Reuters

LONDON — Britoil is issuing a $100 million, seven-year, 11⅞-percent Eurobond at par, lead manager Goldman Sachs & Co. said Monday. The bonds are callable in 1988 at 100½ percent and in 1989 at par.

Sears, Roebuck & Co. is issuing a $150 million, 10-year, 11⅜-percent Eurobond at par, lead manager Goldman Sachs said Monday. The bonds are being issued through an overseas subsidiary and are to be listed in Luxembourg.

Denmark's $500 million, seven-year floating rate Euronote that was issued on Friday has been priced at 3/16 point over the six-month London interbank offered rate, lead manager Merrill Lynch Capital Markets said.

Konishiroku Photo Industry Co., which makes Konika cameras among other products, is offering $50 million of 15-year convertible bonds. The bonds, which mature April 20, 1998, are priced at par and are expected to carry a coupon of 4 percent to 4½ percent. Nomura International is the lead manager.

Major U.S. Grain Companies Benefit Under Payments-in-Kind Program

By Ward Sinclair

Washington Post Service

WASHINGTON — The Reagan administration's payment-in-kind program for aiding farmers and reducing crop surpluses also is benefiting the nation's major grain companies, which are receiving handling fees in the form of grain worth millions of dollars.

Big traders such as Cargill Inc., Continental Grain Co. and Bunge Corp. have provided grain to the Department of Agriculture in areas where it does not have enough to fulfill its obligations to farmers under the program, known as PIK.

In return, the government is giving the trading firms, warehousers and grain elevators their own payments-in-kind of wheat, corn and grain sorghum from federal stockpiles in other areas around the country that have excess supplies.

The Department of Agriculture said the names and fees earned by participating grain companies have not been tabulated.

The privately owned major trading firms offer little additional information. A spokesman for Cargill, for example, which is considered to be the largest, said his firm would not discuss financial aspects of its involvement in PIK.

But officials in government and industry say the companies are likely to end up with grain worth millions of dollars as their fees.

Agriculture Department and industry officials said the alternative to using the grain companies would be shipments of federal surpluses around the country that would cost the Treasury far more than the fees the companies are receiving. But the Agriculture Department acknowledged that it has no figures to support this argument.

Merrill D. Maxman, deputy administrator of the Agricultural Stabilization and Conservation Service, which oversees the PIK program, said the Agriculture Department has not had to transport any grain to satisfy its commitments in grain-deficient areas.

"We put 72.1 million bushels of wheat in the hands of the farmer and we used 5.2 million bushels as payment" to handlers, he said. "Our cost came out to about 25 cents per bushel. It would have cost us a lot more if we had had to physically move the grain."

An elevator man, Ken Hostetter of Hanover, Pennsylvania, said that large grain-handling firms "will have a big corner on the market." "They'll do real well because of volume. But it's still a good deal for the government, because it's the most cost-efficient way to deliver this PIK grain," he said.

Although the handlers' bids are supposed to include all costs of handling and moving the grain, scattered reports from around the country indicate that some firms have taken from 5 to 10 cents a bushel off the farmers' wheat prices as an additional service charge.

Spokesmen for several national farmers' organizations and small elevator firms said these extra charges apparently have been tacked on in situations where farmers, distant from their PIK supply points, preferred to accept a lower price rather than take possession of their grain and try to sell it elsewhere for higher rates.

Mr. Maxman and an assistant, Alvin L. Krogstad, acknowledged that the Agriculture Department has received complaints from farmers about additional charges. But, they said, the department in each instance has warned suppliers that farmers must be paid the same for their PIK grain as they would get for grain they raised, without deductions for services not provided.

London Exchange Rate Plan Delay Seen by Chairman

Reuters

LONDON — Nicholas Goodison, the chairman of the London Stock Exchange, has told senior partners of brokerages that plans for negotiable commission rates will not established by next month when Parliament reconvenes and exchange members vote to amend their constitution, market sources said Monday.

Talking at a private meeting, Mr. Goodison added that the proposed new membership appeals committee would not be empowered to admit such foreign brokers as Merrill Lynch or Nomura Securities.

Mr. Goodison indicated that early December is likely to be the earliest date for firm commission-rate proposals. Mr. Goodison is to discuss commission rates and other exchange reforms with brokers in Glasgow Tuesday and in Manchester and Birmingham on Wednesday. Senior partners have been given until Oct. 4, to complete their submissions to the exchange.

Official sources said the government will want some indication from the exchange about how it intends to dismantle minimum commission rates before parliamentary questions can be raised on the matter in the autumn session, which reconvenes Oct. 24.

Baldwin-United Asks Court For Shield From Creditors

(Continued from Page 13)

said First National Bank of Cincinnati and First National Bank of Louisville, two of the three creditors who filed against the company, had at first been reluctant to sign a June standstill agreement.

Creditors' concerns were raised in June when the previous Baldwin management decided to turn over certain assets as collateral to the secured creditors in exchange for a loan extension.

A confrontation was avoided when the collateral for the loan extension was not made permanent. But the issue apparently resurfaced this month when negotiations began again for another loan extension.

The filing by the three creditors points up the delicacy of Baldwin's negotations, which faced being derailed at almost any time.

Over the past few months, rumors surfaced on several occasions that creditors were headed for court.

Analysts said Baldwin's decision last week to put its MGIC Investment Corp. subsidiary up for sale probably prompted the latest worry by creditors.

Baldwin purchased MGIC, which sells mortgage insurance and other financial products, in 1982 for $1.2 billion, but industry analysts said the subsidiary may be worth only half that amount now.

Baldwin-United borrowed $600 million from eight banks to finance the transaction.

Mr. Palmieri has long insisted that MGIC would not be sold, but is believed to have changed his view after pressure from the insurance commissions in Arkansas, Indiana and Wisconsin.

The commissions, hoping to prevent loss of assets by insurance policy and annuity holders, this summer seized the assets of six of Baldwin's insurance companies.

Baldwin reported a $617-million loss for the first quarter of the year, the most recent period for which results are available.

Mexico's Decision on Peso Is Called Realistic by Many

(Continued from Page 13)

market. This was not affected by Thursday night's announcement.

Some exporters, meanwhile, had been calling for even greater devaluations, to a rate of about 200 to the dollar by year-end.

"We in exportation are in a battle to the death for dollars and markets," Juan Jose Flores, a member of the National Foreign Trade Council, said at a news conference Thursday, before the devaluation plan was announced. "But we do not have the weapons necessary for combat."

The other groups who will be affected by the change will be Mexicans wishing to travel abroad, who will find it more expensive to do so, and foreign tourists coming to Mexico, who will find some things cheaper.

Much of the benefit for foreign visitors, however, will be eroded by sharp increases in hotel prices, to begin Dec. 16, which were announced earlier this month.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street

(Continued from Page 14)

Over-the-Counter

Sept. 26

NASDAQ National Market Prices

Floating Rate Notes

Sept. 26

Banks

Non Banks

Prices supplied by Credit Suisse-First Boston Ltd., London

International Herald Tribune

Published With The New York Times and The Washington Post

The Daily Source for International Investors

Airline Is Accused Of Union Busting

Continental, After Chapter 11 Filing, Is Rehiring Workers at Lower Wages

New York Times Service

NEW YORK — Plans by Continental Airlines to rehire at sharply lower wages some workers it laid off when it filed for protection from its creditors have prompted charges of union busting.

The Houston-based carrier filed Saturday for reorganization under Chapter 11 of the bankruptcy laws, under which a company continues to operate under court protection from its creditors while it works out a plan to pay its debts.

It suspended all domestic flights and laid off most of its employees. On Sunday it said it plans to rehire about 4,200 of the 12,000 laid-off workers at sharply reduced wages and benefits as part of a drive to become a smaller, low cost domestic airline.

Continental officials said the carrier would resume service to 25 United States cities on Tuesday, down from 78 cities on its schedule last week. They also disclosed that the carrier's foreign operations had been spun off earlier in the week into separate subsidiaries and that they were not included in the bankruptcy filing.

The airline has lost $471.9 million since January 1979, including $109 million so far this year. In an affidavit with the filing, Continental listed debts of $650 million and claimed that work rules specified in labor contracts force it to employ "hundreds more pilots and flight attendants than it needs."

Spokesmen for three unions accused the company of filing for reorganization as a ploy to escape its labor agreements.

Marilyn Wade, a spokesman for the 2,300-member Union of Flight Attendants, said she "absolutely" considered the filing an effort at "union busting."

Dennis Higgins, a negotiator with the Air Line Pilots Association, said, "We believe Continental is doing nothing more than trying to void their contracts." He said the pilots would go to court to keep contracts in force.

Analysts said Sunday that the move represented a bold, but risky, tactic by Frank Lorenzo, the carrier's chairman and chief executive officer, to lower operating costs.

"It's never been used in the industry before," said Robert J. Joedicke, an analyst with Lehman Brothers Kuhn Loeb, referring to the use of Chapter 11 as a means of extracting labor concessions. "There is nothing historic to use to predict what will happen."

While the filing might enable Continental to break its union contracts and lower its costs, Mr. Joedicke added, it could also backfire. The general public might shy away from an airline that is operating under Chapter 11, he contended.

Bruce Hicks, Continental's senior director of public relations, said Sunday that the airline has begun to rehire workers and that the response has been encouraging.

He said the airline would have enough staff to resume operations by Tuesday and that many workers had called in to indicate their readiness to work. This was the case even when they were told of the lower wages and benefits, he said.

Under the new wage scales, pilot-captains who had been earning about $85,000 a year would now be offered $43,000, Mr. Hicks said. Flight attendants who were formerly paid about $28,000 a year would now be offered about $15,000. He added that these lower levels compare to those of the nonunion airlines.

The carrier estimated that under the current reorganization it would reduce its overall operating costs by 25 percent. Continental officials have said previously that labor makes up 33 percent of the carrier's operating costs, compared with 26 percent for Southwest Airlines and 12 percent for Muse Air, two major competitors.

In a letter to Continental employees, Mr. Lorenzo said that "the terms on which we will be offering employment will be vastly different from those in effect prior to the filing of the bankruptcy petition. We must operate with marketplace labor costs."

The action is the most drastic yet taken by Mr. Lorenzo, who has been attempting to cut the carrier's labor and operating costs since Texas Air Corp. completed the takeover of Continental in October of 1982.

Texas Air, which is based in Houston, also owned Texas International Airlines, a low-cost carrier that has been merged with Continental. Texas Air, of which Mr. Lorenzo is president, also holds a 77 percent interest in New York Air, which is based at La Guardia.

The filing for bankruptcy came after the pilots and flight attendants rejected Continental's last contract offer. The offer, tendered on Sept. 14, called for Continental employees to give up wages and benefits totalling $150 million a year for ownership of up to 35 percent of the company's stock.

The airline has also been coping with a strike by the International Association of Machinists that began last Aug. 12. About half of the machinists had gone back to work and the company has also hired replacements at lower wage rates.

United Press International

A ticket agent at Dallas-Fort Worth explained Continental's position to a customer.

U.S. Tool Orders Down for Month, Up on Year Basis

Compiled by Our Staff From Dispatches

NEW YORK — Machine tool orders, reflecting the usual lack of activity during the summer, fell 22 percent in August from July, according to the National Machine Tool Builder's Association.

Year to year, however, the trend continued upward, with orders posting a healthy 59-percent gain from August 1982, the association said Sunday in its monthly report.

Machine tool shipments in August remained about level with July but fell 56 percent from August 1982. Net new orders for machine tools totaled $137.3 million during August, down from a revised $175.1 million in July, and shipments were valued at $113 million, up 0.6 percent from a revised $112.4 million.

"Month-to-month comparisons do not indicate the current trends . . ., especially since monthly totals are still at such low levels," said James A. Gray, chairman of the association.

The association originally reported July orders at $173.4 million and July shipments at $109.9 million.

Prices in Belgium Rise 0.7%

The Associated Press

BRUSSELS — Consumer prices in Belgium rose a provisional 0.7 percent in September, Economics Minister Mark Eyskens said Monday. Prices rose 0.95 percent in the previous two months. The year-on-year inflation rate for September was 7.33 percent, down from 7.9 percent in August.

Seagram to Acquire Coke's Wine Assets

The Associated Press

ATLANTA — Coca-Cola Co. said Monday it had agreed to sell its wine business to Joseph E. Seagram & Sons Inc. in a transaction industry sources valued at more than $200 million.

Under the preliminary agreement, Seagram would acquire the Wine Spectrum, the Coca-Cola subsidiary that includes Sterling Vineyards, Monterey Vineyard and Taylor Wine Co.

Seagram is the U.S. subsidiary of Montreal-based Seagram Co. Ltd., the world's largest producer and marketer of distilled spirits and wines.

Terms of the agreement were not disclosed by either Coca-Cola or Seagram. But a source familiar with the agreement said Coca-Cola would receive more than $200 million, with the value of the transaction pegged to the book value of the assets at the time the deal is closed.

The agreement is expected to be completed by year's end. In addition to government review, the sale is subject to negotiation of a definitive agreement and the approval of the boards of directors of both companies.

Atlanta-based Coca-Cola entered the wine business in 1977 with the purchase of New York-based Taylor.

Coca-Cola's chairman, Roberto C. Goizueta, said the sale of the Wine Spectrum is in line with the company's present corporate strategy.

"We are constantly striving to concentrate our resources in the areas of our business where the returns on assets are highest," he said. "This attractive offer from Seagram allows us to further implement this strategy."

Mr. Goizueta added that the company "is very proud of the success of the Wine Spectrum, and we believe this is an appropriate time to realize the value of that business. Under the terms of the letter of intent, we will fully recapture our investment in the wine business."

Edgar M. Bronfman, chairman and chief executive officer of Seagram, said his company believes the wine industry "will experience great growth in this country, and we intend that Seagram will participate fully in and contribute significantly to that growth."

Seagram already has two wine operations in the United States, Gold Seal Vineyards Inc., in New York, and Paul Masson Inc. in California. It also has interests in the wine business around the world, including the Barton & Guestier wines of France.

Italy's Industrial Output Rose Marginally in July

Reuters

ROME — Italian industrial output, seasonally adjusted, rose 0.6 percent in July, according to provisional figures, after a 1.8-percent drop in June, the national statistics institute, Istat, said Monday.

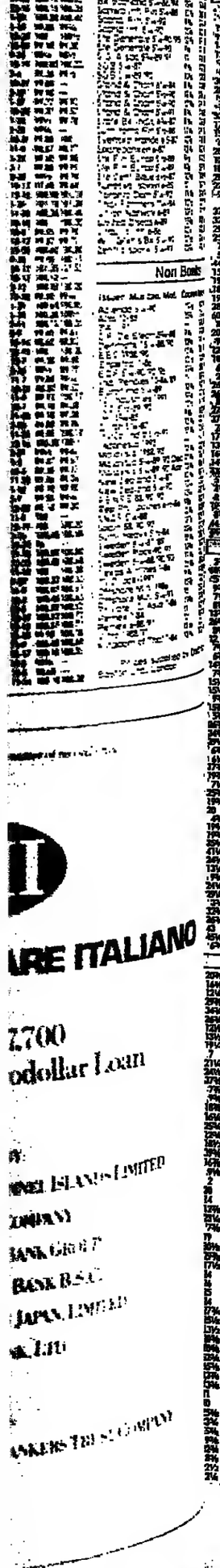
Output showed a seasonally adjusted 8 percent fall compared to July last year.

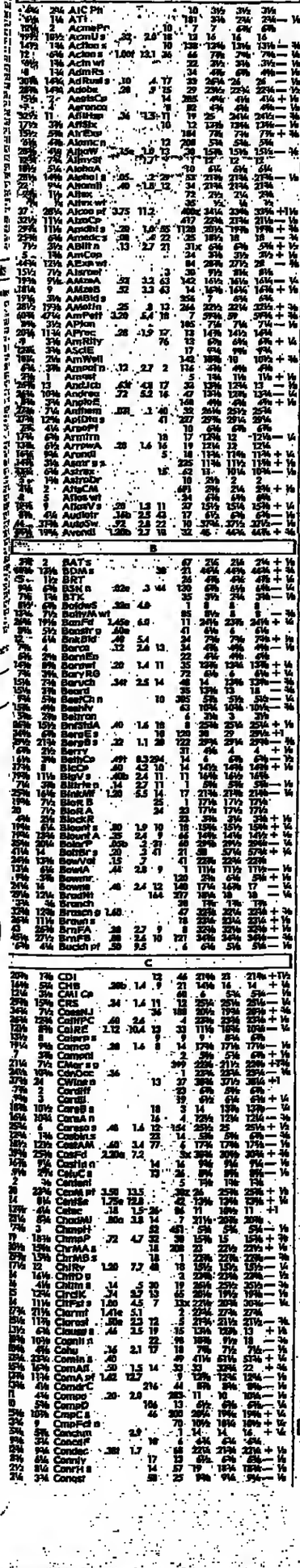
Monday's AMEX Closing

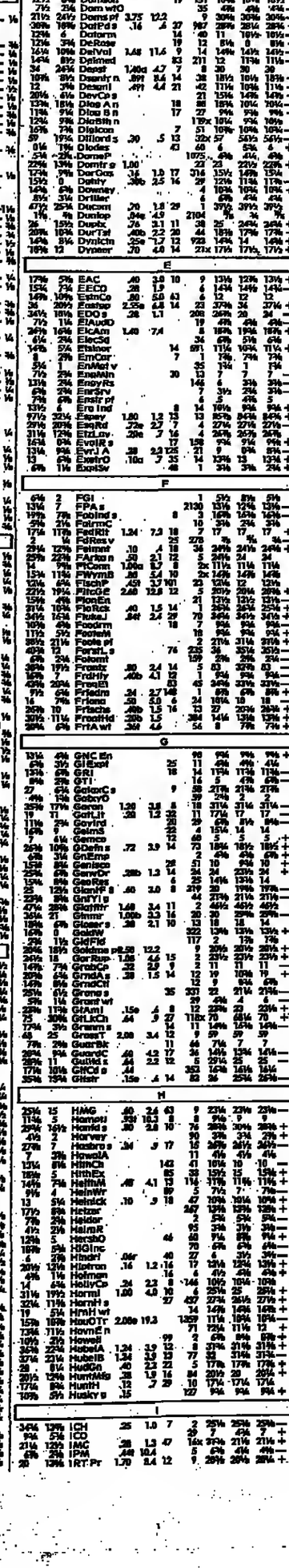
Vol. of 4 p.m. 7,610,000
Prev. 4 p.m. Vol. 9,760,000
Prev. Consolidated Close 9,760,000

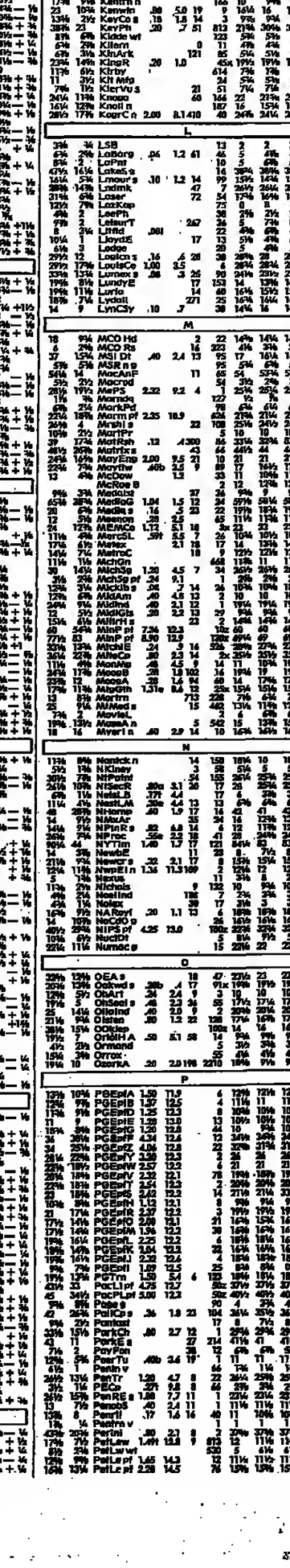
Tables include the nationwide prices Up to the closing on Wall Street

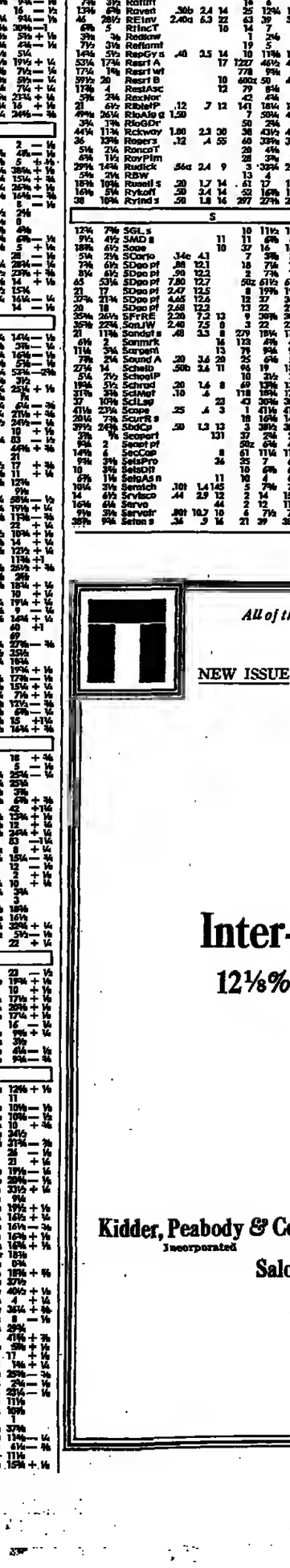
12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

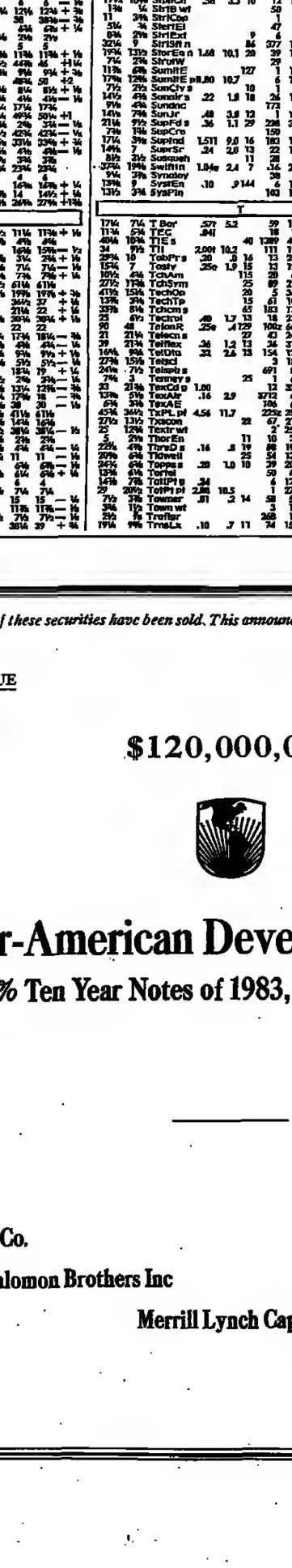


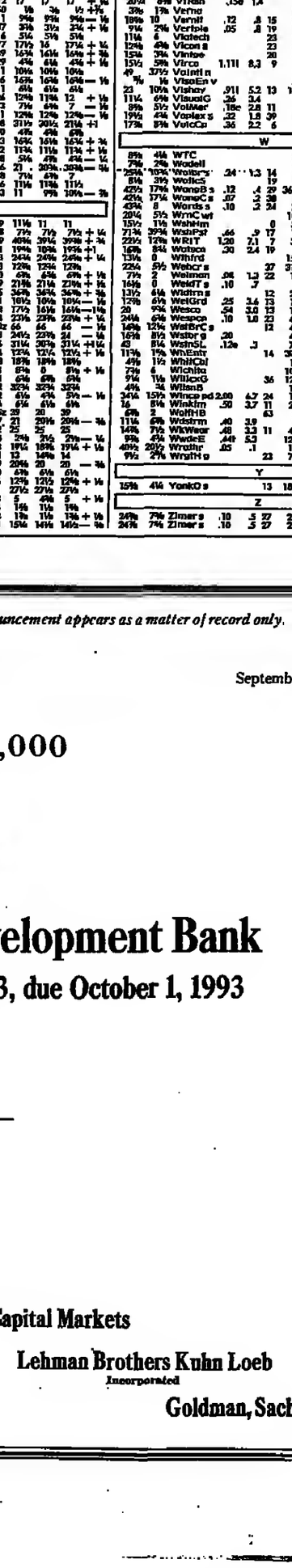


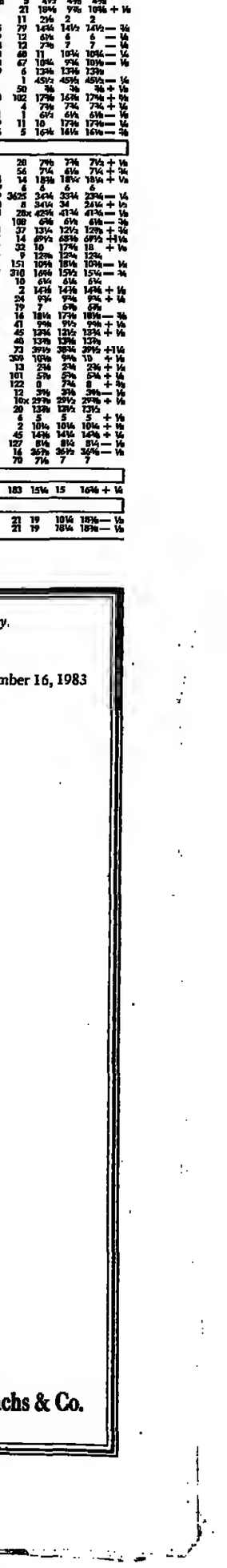




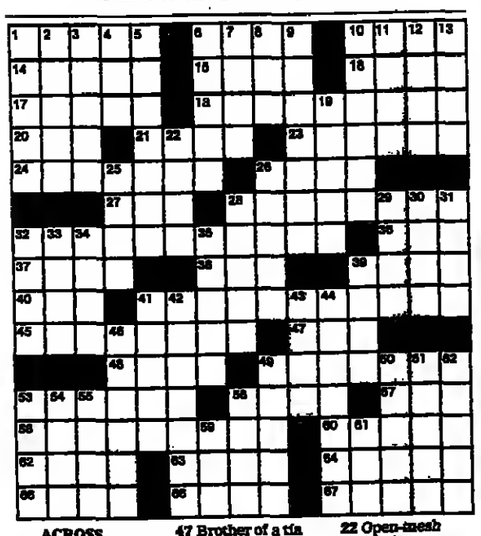








CROSSWORD



ACROSS

1 Unaccompanied
6 Thick slice
10 Sandburg
14 Circus figure
15 Kind of shirt
16 Curved molding
17 Barter
18 Poet (one of four "money" entries)
20 "—— dien" (motto of Prince of Wales)
21 All, once
23 Mexican revolutionary: 1877-1919
24 Establish
26 Forefather
27 Time of day, in poesy
28 Cheapest ship passage, once
32 Sea urchins
36 Kind of wit
37 Wine sediment
38 Initials in Nasser's day
39 Gumbo vegetable
40 "—— pro nobis"
41 Actor from Tulsa
45 Spring and fall garments
47 Brother of a tia
48 —— de combat (disabled)
49 Take aback
53 Expects
56 Impresario Rudolf
57 Stood for office
58 Standard
60 Alaskan native
62 Court security
63 Pa. lakeside city
64 Peg Woffington's creator
65 Writer Gardner
66 SSgts., e.g.
67 Small viper

DOWN

1 Garret
2 An evergreen
3 Triple Crown winner: 1935
4 Composer Rorem
5 Put up
6 Clip
7 Shiftless
8 Make known
9 Heater or grill
10 Barrelmaker
11 Water, in Madrid
12 Let
13 Mother of Helen of Troy
19 Reduces bit by bit
22 Open-mesh fabric
25 Warren Beatty film
26 Brenda of comics
28 Dispatches
29 Canadian singer Paul
30 —— Friday (secretary)
31 And others: Lat. abbr.
32 Narrow opening
33 Of aircraft
34 Lowest high tide
35 Memorable stage couple
39 Scent
41 Canine, e.g.
42 Scullers
43 Memo abbr.
44 River into Lake Ontario
46 Chewing-gum base
49 "Oliver Twist" villain
50 Footstep
51 Diploma word
52 Record
53 Title Liszt held
54 Tear's partner
55 Deep blue
58 Vigor, to a virtuoso
59 —— de Triomphe
61 Was in front

© New York Times, edited by Eugene Maleska.

DENNIS THE MENACE

"MARGARET'S JUST NOT MY CUP O' ROOT BEER, THAT'S ALL."

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ZIMEA ☐◯◯☐◯

POAYS ◯☐☐☐◯

SUNDOL ☐◯◯◯☐☐

CUPSAM ☐☐◯☐☐◯

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: A "◯◯◯" ◯◯◯◯◯◯◯

(Answers tomorrow)

Yesterday's Jumbles: BASIN DUSKY LARYNX PONDER

Answer: What the gardener said when the flowers wouldn't grow—"UPSY-DAISY"

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	27	81	19	66	fr
Amsterdam	22	72	7	45	fr
Athens	25	77	15	59	c
Belgrade	16	61	8	46	o
Berlin	15	59	9	48	o
Brussels	23	73	7	45	fr
Bucharest	23	73	10	50	c
Budapest	20	68	8	46	c
Copenhagen	16	61	10	50	fr
Costa Del Sol	26	79	20	68	fr
Dublin	18	64	11	52	o
Edinburgh	17	63	12	54	o
Florence	25	79	15	59	fr
Frankfurt	19	66	4	39	fr
Geneva	25	77	13	55	fr
Helsinki	12	54	4	39	c
Istanbul	24	75	12	54	fr
Las Palmas	34	93	24	75	fr
Lisbon	30	86	19	66	fr
London	21	73	10	50	fr
Madrid	26	77	17	63	fr
Milan	28	82	17	63	fr
Moscow	13	55	10	50	sh
Munich	17	63	8	61	fr
Nice	25	77	19	66	fr
Oslo	17	63	6	29	fr
Paris	27	81	7	45	fr
Prague	18	64	8	51	fr
Reykjavik	8	46	4	39	fr
Rome	26	79	19	66	fr
Stockholm	16	61	10	50	fr
Venice	22	72	15	59	fr
Vienna	17	63	10	50	fr
Warsaw	12	55	3	38	fr
Zurich	20	68	9	48	fr

MIDDLE EAST

Ankara	18	64	-1	30	fr
Beirut	—	—	—	—	na
Damascus	26	62	10	80	fr
Jerusalem	28	82	15	59	fr
Tel Aviv	30	86	17	63	fr

OCEANIA

Auckland	18	59	10	50	sh
Sydney	16	61	11	52	o

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	31	88	25	77	st
Beijing	26	79	19	66	o
Hong Kong	33	91	27	81	c
Manila	26	79	24	75	r
New Delhi	32	90	25	77	fr
Seoul	25	77	19	66	c
Shanghai	24	75	22	72	o
Singapore	30	86	25	77	o
Taipei	26	79	24	75	o
Tokyo	22	72	20	68	o

AFRICA

Algiers	28	82	18	64	fr
Cairo	30	86	19	66	fr
Cape Town	18	64	10	50	o
Casablanca	30	86	18	64	fr
Harare	—	—	—	—	na
Nairobi	29	84	13	55	c
Tunis	31	88	20	68	c

LATIN AMERICA

Buenos Aires	26	79	17	63	fr
Lima	22	72	17	63	o
Mexico City	23	73	10	51	fr
Nassau	29	85	23	73	pc
Rio de Janeiro	25	77	18	64	fr
São Paulo	22	73	15	59	fr

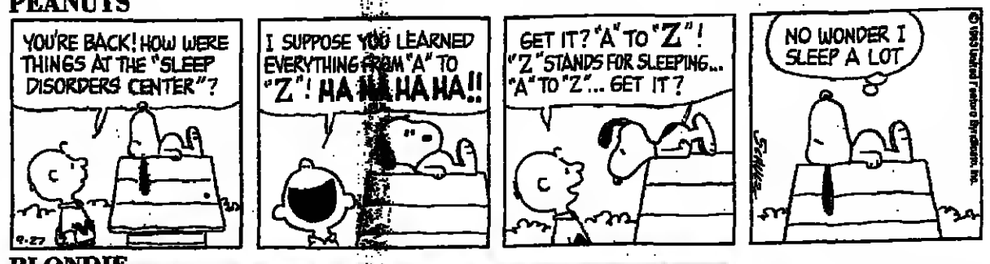
NORTH AMERICA

Anchorage	2	37	-7	19	fr
Boston	21	70	10	51	fr
Chicago	24	75	11	52	fr
Denver	28	82	8	46	fr
Detroit	21	70	9	48	fr
Honolulu	31	89	22	72	pc
Houston	30	87	18	64	pc
Los Angeles	29	84	18	65	fr
Miami	29	84	24	75	pc
Minneapolis	26	79	10	51	fr
Montreal	19	66	6	43	fr
New York	21	70	13	55	pc
San Francisco	20	68	13	56	pc
Seattle	19	66	13	55	c
Washington	24	75	13	55	fr

c—cloudy; fo—foggy; fr—fair; h—hail; o—overcast; pc—partly cloudy; r—rain; sh—showers; sn—snow; st—stormy

TUESDAY'S FORECAST — CHANNEL: Smooth. FRANKFURT: Fair. Temp. 21—4 (70—43). LONDON: Fair. Temp. 24—10 (75—50). MADRID: Fair. Temp. 25—15 (77—59). NEW YORK: Fair. Temp. 23—14 (74—58). PARIS: Fair. Temp. 26—10 (79—50). ROME: Thunderstorms. Temp. 23—17 (73—63). TEL AVIV: Fair. Temp. 31—17 (88—63). ZURICH: Fair. Temp. 21—11 (70—52). BANGKOK: Thunderstorms. Temp. 32—25 (90—77). HONG KONG: Fair. Temp. 31—27 (88—81). MANILA: Rain. Temp. 25—23 (77—73). SEOUL: Rain. Temp. 26—15 (79—59). SINGAPORE: Fair. Temp. 31—25 (88—77). TOKYO: Rain. Temp. 23—20 (73—68).

PEANUTS

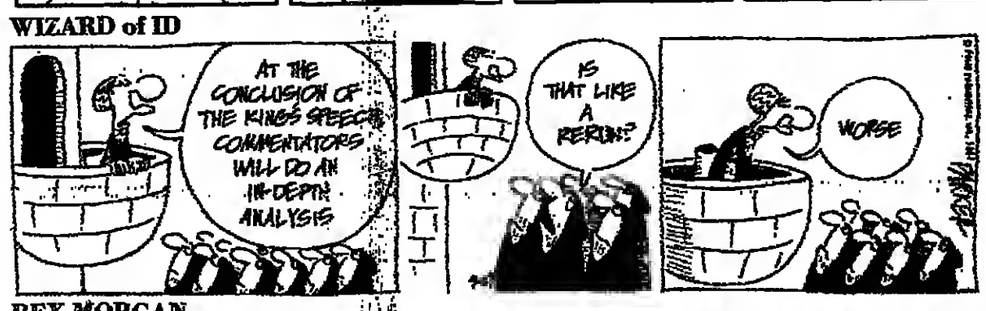


BLONDIE

BEETLE BAILEY

ANDY CAPP

WIZARD of ID



REX MORGAN

GARFIELD

BOOKS

EASE MY SORROWS
A Memoir by Lev Kopelev

Translated from the Russian by Antonina W. Bouis. 256 pp. $17.95.
Random House, 201 East 50th St., New York, N.Y. 10022.

Reviewed by Michiko Kakutani

IN "The First Circle," Alexander Solzhenitsyn drew a portrait of a young, idealistic Stalinist named Rubin, whose faith in the Communist Party and its promise of a brave new world remained unshaken by his own first-hand exposure to the brutalities of the Gulag. The "real-life" model for Rubin was Lev Kopelev, a scholar and former Soviet Army officer whom Solzhenitsyn became friends with in prison camp — a man, who, like Rubin, clung to his naive faith in the party's promises for many, many years.

"Ease My Sorrows" is the third volume of Kopelev's memoirs, and taken together, these books chronicle not only the slow, tortuous moral growth of an individual, but also the events which *comprise modern Soviet history* — from the collectivization of agriculture in the 1920s, through Stalin's purges and actions during World War II, to the present-day suppression of intellectuals and dissidents.

In the case of Kopelev, himself, it is the story of a spiritual odyssey, the story of a "true believer" who slowly renounced his faith. This process of disillusionment took place by small degrees over many decades, and given the historical atrocities Kopelev witnessed — not to mention, the personal ordeals he suffered in prison — his reluctance to relinquish his youthful political ideals seems remarkable indeed. But that is exactly why he has written these memoirs; by testifying to what he saw and felt, he has demonstrated how a good, kind, well-intentioned man — and there are doubtless many others like him — could willingly support a brutal system, how frighteningly easy it is to rationalize events when one truly wants to believe.

Born into a middle-class Jewish family in Kiev, Kopelev embraced Communism as a young man. He believed in "the fatherland of the workers"; believed that the party leaders would create a wonderful, classless society; believed that the Soviet state would fulfill old nationalistic, Russian designs. During World War II, however, he was appalled by how the Red Army engaged in the looting and pillaging of German towns, and after criticizing these events, he was found guilty of the sin of "bourgeois humanism" and sent to prison. He rationalized his punishment the same way he had rationalized the suffering inflicted upon the peasants by collectivization and the anti-Semitism that *flourished* in the wake of the "Kremlin doctors" case — these were all sad, unpleasant incidents necessary for bringing about a new world.

At the same time, though, Kopelev is starting to think about the "contradictions between historical necessity and moral necessity," and much of this volume is devoted to his attempts to reassess Marxist orthodoxy in light of his humanistic beliefs. It is a process that begins, for him, during a 10-year prison term in a camp, housed in a former church called "Our Lady of Ease My Sorrows."

There, Kopelev meets his fellow prisoner, Solzhenitsyn — among the many hard-edged portraits in this book is one of the famous author as a young skeptic — and there he engages in many long philosophical discussions with the other prisoners.

Compared with the experience of other Soviet prisoners, Kopelev's was relatively mild — physical and psychological torture were fairly minimal at the "Ease My Sorrows" camp — but he demonstrates, nonetheless, some of the terrible human consequences of the Soviet system of justice. Indeed his portraits of fellow prisoners — for instance, a petty thief who exposes his best friend as a "counterrevolutionary" in order to win a reduced sentence for himself — underline just how that system "emptied" people of their "souls and brains," their hopes and faiths.

After he was released from prison, Kopelev returned to Moscow, where he continued his work in literature and became a leading dissident. Though his doubts about Marxist orthodoxy grew over the years, he continued to hope that he could work within his *country* for change.

In 1980, while visiting West Germany, he received a letter from the Soviet government announcing that he had been stripped of his citizenship and would not be allowed to return.

Michiko Kakutani is on the staff of The New York Times.

CHESS

By Robert Byrne

AT the 1983 United States *Invitational Championship* in Greenville, Pa., Nick DeFirmian, a 26-year-old Oakland, Calif., international master, took the brilliancy prize for his game with the Los Angeles grandmaster James Tarjan which was based on an intrepid, long-term, speculative attack and the *combination prize* for his game with the Brooklyn grandmaster-candidate Dimitry Gurevich which was earned for three combinations, one to stop his opponent's attack, one to seize the advantage and one for his kill.

In his encounter with Gurevich, it could have been expected, after 13 . . . P-Q3, that White would set up the Maroczy bind with 14 P-K4 and that Black would then have played 14 . . . P-QR3, with a kind of simplified hippopotamus formation.

However, Gurevich did not follow a positional course; instead he seemed to be aiming for an attack on the king with 14 P-B4?! This was not advisable after two pairs of minor pieces had been exchanged off and there were no weaknesses in the black king position. Besides, such a strategy would make it all the more difficult to keep an eye on Black's attempts to counterattack with . . . P-Q4 or . . . P-QN4.

Sure enough, DeFirmian soon broke in the center with 16 . . . P-Q4, unworried about the isolated QP created by 17 *PxP, PxP because the* backward white KP was a counterbalancing weakness.

Gurevich's dangerous threat, with 19 P-N4, was, of course, to win the QP by driving the black knight away. However, DeFirmian fought back sharply with 19 . . . P-QR4!; 20 P-KN5 (20 PxP, B-B4; 21 Q-K5?, P-Q5; 22 N-N5, R-K1! is powerful for Black), PxP; 21 PxN, B-B4; 22 Q-K5, PxN.

Now it was the white king that was the more vulnerable (a lingering effect of that 14 P-B4?!) and DeFirmian rushed to capitalize on this with his second combination, initiated by 24 . . . P-Q5! There was no choice, since 25 B-R1?, R-Q4!; 26 Q-K4, R-N4ch wins the white queen. So Gurevich did the best he could in dropping the exchange with 25 BxP, R-Q4!; 26 Q-K3, Q-Q2; 27 BxB, RxR.

After 30 . . . QxP, Gurevich did have a pawn for the exchange, but his real problem was not so much material as the insecurity of his king.

With 32 . . . Q-B5!, DeFirmian's attack was already raging out of control. Had Gurevich tried 33 P-K3, he would have been easy prey to 33 . . . Q-B8, followed by either 34 . . . R-B5 or 34 . . . R-Q6.

Position after 33 R-K3

Accordingly, Gurevich chose 33 R-K3 but was at once hit by DeFirmian's decisive combination — 33 . . . P-R5ch!; 34 K-N4 (34 K-N2, RxP; 35 R-KB3, R-K5; 36 R-K3, R-Q7 would lead to prosaic butchery), R-N8ch!; 35 QxR, RxPch. The white king reeling forward with 36 K-N5 only because there was nowhere else to go, was caught by 36 . . . R-B4ch. Seeing that 37 K-R6 results in 37 . . . R-R4mate, Gurevich gave up.

ENGLISH OPENING

	White Gurevich	Black DeFirmian		White Gurevich	Black DeFirmian
1	N-KB3	P-QB4	20	P-KN5	PxP
2	P-B4	N-KB3	21	PxN	B-B4
3	N-B3	P-K3	22	Q-K5	PxN
4	P-KN3	P-QN3	23	BxP	[illegible]
5	B-N2	B-N2	24	K-N3	P-Q5
6	0-0	N-B3	25	BxP	R-Q4
7	P-N3	B-K2	26	Q-K3	Q-Q2
8	B-N2	0-0	27	BxB	RxR
9	P-Q4	NxP	28	RxP	R-K1
10	NxN	BxB	29	Q-N2	Q-Q4
11	KxB	PxN	30	P-R3	QxP
12	QxP	Q-B1	31	R-B3	R-N8
13	QR-Q1	P-Q3	32	R-K2	Q-B5
14	P-B4	P-QR3	33	R-K3	P-R5ch
15	P-QN4	KR-Q1	34	K-N4	R-N8ch
16	R-B3	P-Q4	35	QxR	RxPch
17	PxP	PxP	36	K-N5	R-B4ch
18	P-QN4	Q-N2	37	Resigns	
19	P-N4	P-QR4			

Amsterdam

	Close	Prev.
ABN	374	373.50
ACF Holding	141	141
AKZO	81	82.10
Albert Heijn	102.60	101.20
AMEV	130.40	129.40
Amrobank	63.40	62.20
A'Dam Rub	9.10	9.70
Boskalis	47	46.10
BVG	217	216.50
Buehrmann T	47	48.30
Caland Hldg	34.70	34.80
Elsevier	403	400
Ennia	162.50	163
Fokker	38.70	38.30
Gist Brocades	167	164
Heineken	134	134
H.V.A.	114	114
Hoogovens	36.70	35.10
K.L.M.	147	148.40
Naarden	44.50	44.50
Nat. Nedder	171	168
Nedlloyd	94.20	93.50
Oce Vander G	213.50	207.30
OGEM	0.55	0.56
Pakhoed	58.90	58.50
Philips	48.60	49
Robeco	320.50	320.20
Rodamco	127.60	127.70
Rolinco	310	309.70
Rorento	194.90	194
Royal Dutch	140	138.40
RSV	3.85	4
Unilever	230.30	229.50
Van Ommer	28.80	28
VMF-Stork	74	76
VNU	115.50	115.40

Anp-Cbs Index: 144.00
Previous: 142.70

Brussels

Agfa-Gevaert	2,500	2,300
Arbed	1,434	1,410
Bekaert	2,870	2,900
Cockerill	162	164
EBES	2,330	2,330
GB-Inno-BM	3,000	2,950
GBL (B.lamb)	2,350	2,325
Hoboken	4,765	4,750
Kredietbank	6,410	6,410
Petrofina	5,980	5,970
Soc. Generale	1,980	1,940
Sofina	5,180	5,050
Solvay	3,345	3,310
Traction Elec	3,450	3,390
V. Montagne	3,545	3,540

Bourse Index: 346.26
Previous: 346.56

Frankfurt

	Close	Prev.
AEG	83.50	82.30
Allianz Vers.	651	643
BASF	150.70	[illegible]
Bayer	150.30	[illegible]
Bayer Hypo	281	[illegible]
Bayer Verein	324.50	[illegible]
BMW	385.70	[illegible]
Commerzbank	172.30	[illegible]
Cont. Gummi	111	[illegible]
Daimler	578.50	[illegible]
Degussa	356	[illegible]
Demag	145	[illegible]
D. Babcock	176.50	[illegible]
Deutsche Bk	311	[illegible]
Du. Schulte	263	[illegible]
Dresdner Bk	174	[illegible]
GHH	148	[illegible]
Hapag Lloyd	46.50	[illegible]
Hochtief	450	[illegible]
Hoechst	156.50	[illegible]
Hoesch	89	[illegible]
Holzmann	416	[illegible]
Horten	157.50	[illegible]
Kali u Salz	313.50	[illegible]
Karstadt	258	[illegible]
Kaufhof	244	[illegible]
KHD	257.50	[illegible]
Kloeckner	38.10	[illegible]
Krupp	76.10	[illegible]
Linde	391.80	[illegible]
Lufthansa	125.50	[illegible]
MAN	142.00	[illegible]
Mannesmann	137.50	[illegible]
Metallgesell.	195	194
Muench. Rueck	595	635
Preussag	267	257.50
Ruetgerswk	320.20	317
RWE.new	169.50	168
Schering	343	[illegible]
Siemens	346	[illegible]
Thyssen	75.30	[illegible]
Varta	168	[illegible]
Veba	170.80	[illegible]
VEW	116.50	[illegible]
Volkswagen	219.70	[illegible]

Commerzbank Index: [illegible]
Previous: 934.80

Hong Kong

Cheung Kong	7	[illegible]
China Light	11.60	[illegible]
Cross Harbor	10.50	[illegible]
Hang Seng Bk	25	[illegible]
HK Electric	5.10	[illegible]
HK Hotels	21	[illegible]
HK Land	2.90	[illegible]
HK Shanghai	7.15	[illegible]
HK Tel	29	[illegible]
HK Wharf	3.275	[illegible]
Hutch Wamp	10.50	[illegible]
Jardine Math	10.50	[illegible]
Jardine Sec	7	[illegible]
New World	2.45	[illegible]
Shaw Bros	N.Q.	[illegible]
SHK Property	4.825	[illegible]
Sime Darby	9	[illegible]
Stelux	N.Q.	—
Swire Pacific	12.20	11.20
Swire Prpty	4.45	4.45
Wheelock	2.85	2.725
Wheel Mar	1.90	1.90
Winsor	5.10	5.10
World Intl	1.25	1.25

Hang Seng Index: 818.02
Previous: 785.48

Other Markets Sept. 26

Closing Prices in local currencies

Johannesburg

	Close	Prev.
AECI	9.50	9.50
Barlow	13.35	13.35
Blyvoor	17	16.85
Buffels	55	64.25
Elandsrand	18	14.90
GFSA	136.50	136.90
Harmony	27	26.50
Kloof	54.75	52
Pst Steyn	56.50	54.75
Rustplat	12.10	12.05
S.A. Brew	7.65	7.65
St. Helena	44	42.75
Sasol	4.38	4.35

Composite Stock Index: 958.90
Previous: 952.90

London

	Close	Prev.
AA Corp	21	21
Allied Lyons	1.44	1.43
AngloAM Gld	1.22¾	1.22¾
Babcock-Wil	1.48	1.48
Barclays BK	4.79	4.74
Bass	3.25	3.20
BAT Ind.	1.49	1.48
Beecham Gp	3.21	3.26
BICC	2.41	2.43
BL	0.75	0.75
BOC Int'l	2.23	2.22
Boots	1.61	1.64
Bowater	2.01	2.09
BP	4.44	4.34
Brit.Home St.	2.23	2.22
BTR	5.52	5.44
Burmah	1.71	1.71
Cadbury Sc.	1	1
Charter Gold	2.55	2.53
Coats Patons	0.72½	0.72½
Cons. Gold Fds	5.92	5.94
Courtaulds	0.98	0.98
Dalgety	4.10	4.08
De Beers	9.05	9.10
Distillers	2.16	2.14
Driefontein	34⅛	33⅝
Dunlop	0.52	0.53
Fisons	7.27	7.32
Free St Ged	46½	46
GEC	1.93	1.96
GKN	1.71	1.69
Glaxo	7.90	7.90
Grand Met	3.27	3.27
Guinness	1.09	1.09
GUS	5.35	5.58
Hanson Trust	2.79	2.19
Hawker-Sidd	2.96	2.94
ICI	5.30	5.30
ICL	0.59	0.63
Imps	1.18	1.19
Lloyds	5.09	5.09
Lonrho	1.08	1.08
Lucas	1.50	1.59
Marks-Spenc	2.12	2.12
Metal Box	2.48	2.48
Midland Bk	4.44	4.44
NatWest Bk	6.29	6.29
Pilkington	2.25	2.23
Plessey	2.16	2.12
Randfontein	142½	140½
Rank Org.	1.80	1.83
Reed	2.98	3.04
Royal Dutch	31.58	31.09
RTZ	6.45	6.45
Shell	6.22	6.22
Stand Charter	4.37	4.37
Tate & Lyle	3.56	3.54
Tesco Stores	1.73	1.74
Thorn (A)	6.02	6.02
Trafalgar H	1.73	1.72
TrustHousesF	1.71	1.65
TI Group	1.34	1.38
Ultramar	6.94	6.89
Unilever	8.15	8.10
Untd Biscuits	1.46	1.47
Vickers	1.16	1.17
War Loan 3½	37	36¾
W. Deep	57	55⅝
W. Holding	53½	52¼
Woolworth	2.85	2.85
ZCI	0.19	0.19

F.T. 30 Index: 702.50
Previous: 704.90

Milan

Bca Commerc	29,350	29,590
Bastogi	214	220.25
Centrale	1,809	1,818
Credito Ital	3,341	3,340
Fiat	3,079	3,080
Finsider	45	45
Generali	142,700	141,975
IFI	4,915	4,924
Italcementi	46,090	45,100
LaRinascente	341	347
Mediobanca	65,900	66,200
Montedison	204.25	202
Olivetti	3,365	3,420
Pirelli	2,655	2,680
Snia Viscosa	1,161	1,160
Standa	5,410	5,400

BCI Index: 196.78
Previous: 196.93

Paris

	Close	Prev.
Air Liquide	479	477
Alsthom Atl.	160	156
Av. Dassault	460	452
Bancaire	328	324
Bic	668	665
Bouygues	710	708
BSN-GD	2,048	1,995
Carrefour	1,380	1,375
Club Mediter	670	670
Cofimeg	178	178
Creusot Loire	57.50	66
Dumez	930	922
Eaux (C Gle)	388	391
Elf-Aquitaine	188.90	188.10
Europe 1	605	588
Hachette	1,170	1,145
Imetal	71.60	71
Lafarge Cop	299.70	294.50
Legrand	1,918	1,910
Matra	1,116	1,065
Michelin	833	825
MM Pennar	50.30	48.90
Moet Henn	1,285	1,207
Moulinex	92	92.50
Nord-Est	57	58
Occidentale	670	645
Oreal (L')	1,860	1,845
Pernod Ric	807	788
Petroles (Fse)	162.80	162.50
Peugeot	223.80	225.80
Poclain	84.80	82.50
Printemps	113.50	113.90
Radiotechn.	428	419
Redoute	1,150	1,125
Roussel Uclaf	538	515
SkisRossignol	1,169	1,130
Sour Perrier	371.50	367
Telemecan	1,180	1,145
Thomson Bdt	157	185
Valeo	285.90	278

Agefi Index: 163.42
Previous: 161.22

Singapore

Boustead	3.02	3
Cold Storage	5.45	5.55
DBS	9.70	9.80
FraserNeave	6.40	6.45
Haw Par Bros	2.86	2.84
Inchcape	3.08	3.08
Keppel Ship	3.46	3.50
Malay Bnking	9.98	9.05
OCBC	10.80	10.90
OUB	4.46	4.46
Semb Shipyd	1.97	1.99
St Steamship	N.T.	N.T.
St Trading	5.70	5.70
UOB	5.45	5.40

Fraser Ind. Index: 5,713.74
Previous: 5,745.40

Stockholm

Alfa Laval	282	280
Asea	408	400
Astra	675	680
Atlas Copco	111	111
Boliden	440	433
Cementgjut	775	780
Electrolux	227	227
Ericsson	465	462
Esselte	313	315
Handelsbanken	177	175
Pharmacia	444	455
Saab-Scania	243	247
Sandvik	320	308
SKF	158	158
Swedish Match	235	233
Volvo	440	442

Affarsvarlden Index: 437.40
Previous: 425.20

Sydney

ACI	1.55	1.54
ANI	2.65	2.80
ANZ Bk	5.40	5.24
Baral	3.18	3.16
Bougainville	2.70	2.63
Brambles	2.85	2.85
Broken Hill P	12.65	12.85
Coles	3.32	3.25
CSR	4.15	4.05
Comalco	3.05	3.05
CRA	5.94	5.82
Elder Smith	4.22	4.18
EZ Ind.	6	5.90
Hooker	1.38	1.36
Magellan	3.20	3.15
MIM Hldgs	4.25	4.10
Myer Emp	1.60	1.55
Oakbridge	1.20	1.20
Pko Wallsd	7.26	7.20
Poseidon	6	5.90
RGC	4.55	4.50
Robe River	2.50	3.50
Santos	8.20	8
Sleigh	1.21	1.22
Southland	0.32	0.32
Woodside Petl	1.52	1.43
Wormald	3	2.75

All ordinaries Index: 728.20
Previous: 708.80

Tokyo

Akai	580	579
Asahi Chem.	395	389
Asahi Glass	630	620
BK Tokyo	291	272
Bridgestone	480	480
Canon	1,450	1,440
Dai Nip. Print	820	826
Daiwa	504	509
Fuji Bank	500	500
Fuji Photo	2,460	2,420
Fujitsu	1,460	1,440
Hitachi	911	903
Honda Motor	918	904
INI	177	171
Itoh	309	308
Jal	2,730	2,390
Kajima	325	323
Kansai Pw	929	915
Kao Soap	600	597
Kaw Steel	176	177
Kirin Brew	414	410
Komatsu	499	502
Kubota	308	309
Matsu El.Ind	1,700	1,730
Matsu El.Wks	587	590
Mitsubishi Bk	504	500
Mitsubi Chem.	255	254
Mitsubi Corp.	520	525
Mitsubi Elec	440	427
Mitsubi Heavy	266	265
Mitsui Co.	373	370
Mitsukoshi	362	362
Mitsumi	846	846
Nikko Sec	423	423
NEC	1,460	1,440
Nippon Steel	171	173
Nippon Yusen	270	263
Nissan Motor	718	711
Nomura	740	743
Olympus	1,270	1,230
Ricoh	959	950
Sharp	1,400	1,350
Sony Corp	3,740	3,760
SumitBank	500	500
Sumit Chem.	175	176
Sumit Metal	163	162
Taisei	228	226
Taisho Mar	223	223
Takeda	900	800
Teijin	362	358
Tokyo El Pwr	1,020	1,030
Tokyo Marine	482	471
Toray	430	411
Toshiba	400	390
Toyo Kogyo	407	409
Toyota	1,280	1,340
Yamaichi	452	451

New Index: 690.47
Previous: 687.66
Nikkei-DJ Index: 9,345.78
Previous: 9,314.80

Zurich

Alusuisse	777	778
BK Leu	4,200	4,275
Br Boveri	1,225	1,265
Buehrle	1,270	1,270
Ciba Geigy	1,955	1,970
Cr Suisse	2,145	2,155
Elektrowatt	2,910	2,980
Fisher	620	630
Hoff-Roche B	9,025	9,000
Suchard	5,975	5,975
Jelmoli	1,715	1,715
Landis Gyr	1,370	1,340
Nestle	3,985	3,975
Sandoz	6,575	6,425
SBS	305	306
Schindler	2,500	2,300
Sulzer	256	265
Swissair	845	855
UBS	3,190	3,195
Winterthur	3,020	3,025
Zurich Ins.	16,400	16,375

SBC Index: 352.50
Previous: 352.40

N.Q.: not quoted; N.A.: not available; xd: ex-dividend.

Canadian Indexes Sept. 26

	Noon	Previous
Montreal	468.00	466.87
Toronto	2,594.60	2,592.70

Montreal: Stock Exchange Industrials Index.
Toronto: TSE 300 Index.

Canadian Stock Markets Sept. 23

Prices in Canadian cents unless marked $

Toronto

		High	Low	Close	Chge
400	Agra Ind A	$6¾	6⅝	6⅝	+⅛
65392	All Energy	$21¼	20¾	20¾	
100	Alga Cent	$19	19	19	
10134	Algoma St	$21¼	21	21¼	+¼
736	Argus C pr	$8¾	8½	8½	−⅛
25	Asbestos	$11⅝	11½	11½	−⅜
1700	Atco I f	$9	8¾	8¾	+⅛
2000	BP Res	$24¾	24¾	24¾	
74032	Bank N S	$44⅝	44	44½	+¼
1700	Baton A f	$13½	13½	13½	
19605	Bralor Res	$8⅝	8	8	
650	Bramalea	$12½	12½	12½	
21424	BCFP	$11¼	11⅛	11½	
64645	BC Res	380	365	370	−10
17779	BC Phone	$20	19¾	20	+½
6305	Brunswk	$19½	19½	19½	+½
95600	CAE	$15½	14⅝	15	
100	CDistb B f	$7	7	7	
27300	Cad Frv	$9⅝	9	9	
1820	Camflo	$12	12⅝	12⅝	−¼
14485	C Nor West	$26½	26½	26½	
400	C Packrs	$24⅝	24⅝	24⅝	
1782	Can Trust	$45½	44	44	−1½
100	C Tung	$16½	16½	16½	+½
325	CGE	$57	57	57	−1
46963	CI Bk Com	$33⅝	33½	33½	
30640	CanP Ent	$24⅝	24½	24½	
24100	Cdn Nat Res	151	132	136	−9
4798	CTire A f	$62	61½	61⅝	−⅛
500	C Util B	$12⅝	12⅝	12⅝	+⅛
52225	Canuea	224	221	223	+2
300	Cara	$12½	12½	12½	
32957	Celanese	$12⅝	12½	12½	−⅛
900	Cherokee	$6⅝	6⅝	6⅝	−⅛
5800	C Distb A	$7½	7¼	7½	+⅛
100	CDistb B f	$7	7	7	
5110	CTL Bank	$13¼	13	13	
1400	Conventrs	$5	490	5	
700	Conwest A	$10½	10½	10½	+⅛
8900	Coseka R	385	370	375	−20
1950	Canron A	$14⅝	14⅛	14⅛	−⅛
14955	Czar Res	200	185	200	+15
55913	Daon Dev	180	175	180	+5
500	Daon A f	145	145	145	+5
39755	Denison	$30	29¾	30	+¾
85200	Develcon	$24⅝	23⅝	23⅝	−⅜
8150	Dicknsn A f	$5⅝	5⅝	5⅝	+⅛
1800	Dicknsn B	$5⅝	5⅝	5⅝	+⅛
5164	Doman A	$8⅝	8½	8⅝	
2265	Dofasco A	$54	53¾	54	
3608	Dom Store	$21¼	21	21¼	+¼
7720	Du Pont A	$34⅝	33½	34⅝	+1⅛
6300	Dylex A f	$22	22⅝	22	
2000	Elcham X	$5¼	5¼	5¼	−⅛
51900	Equity Svr	$14⅝	14½	14½	+⅛
1256	Extendcar	$17½	17¼	17½	
825	FCA Intl	$19	19	19	+¼
3765	C Falcon C	$19⅝	19⅝	19⅝	
2250	Ficnbrdge	$83½	82½	83⅝	+⅛
241	Fordy Res	280	280	280	
340	Fed Ind A	$16	16	16	
10650	F City Fin	$22	22½	22⅝	+¼
1900	Fraser	$18	17¾	17¾	−⅛
84122	Gendis A	$21¼	20¾	21	+½
3025	Geac Comp	$24⅝	23⅝	23⅝	−⅜
178291	Geocrude	350	335	350	+15
1900	Gibraltar	$10⅝	10⅝	10⅝	−⅛
3680	Graff G	$18½	18½	18½	−¼
1100	Granduc	120	120	120	
18	GL Forest	$87¼	87¼	87¼	−¼
11400	Greyhnd	$27¼	27	27	
1300	Hrding A f	240	235	240	+5
3085	Hawker	$17¾	17½	17¼	+½
960	Hayes D	$15½	15¼	15⅝	+⅛
5224	H Bay Co	$24⅝	24½	24½	+¼
10594	Imasco	$34⅝	33¾	34	−¼
1100	Indal	$11¾	11⅛	11⅛	
200	Inducmin	$17	17	17	
180	Inglis	$39¼	39¼	39¼	
235	Inland Gas	$15¾	15⅝	15⅝	+½
10720	Inter Pipe	$30⅝	30	30½	+⅜
1168	Ivaco B	$17¾	17¾	17¾	+⅛
5127	Jannock	$14¼	13½	14⅛	+⅜
2310	Kerr Add	$22½	22¼	22½	+⅜
29327	Labatt	$45¼	44	44⅛	−1⅛
5200	Labmin	$55	54	55	+1
16972	Lac Mnrls	$34⅝	34	34⅛	−⅛
2560	Lacana	$11¼	11⅛	11⅛	
1900	LL Lac	$40	39	39	
33050	Loblaw Co	$13	12⅝	13	+¼
500	MICC	$8⅞	8	8	−⅛
13870	Mclan H X	$17	16½	16⅝	−¼
600	McGraw N	$17	17	17	+⅛
5120	Merland E	$7	6⅞	7	
8006	Molson A f	$19⅝	19½	19½	+½
1414	Molson B	$18⅝	18⅝	18⅝	+⅜
2000	Murphy	$25½	25	25½	+⅜
89166	Noranda	$28½	28¼	28½	+⅛
3374	Norcen	$29½	28⅝	28⅝	−½
136540	Nva AltA f	$7⅝	7⅛	7½	−½
660	Nowsco W	$21½	20	20	−1⅛
64576	Nu-West A	183	176	180	+1
6117	Oakwood	$12	11⅛	11⅞	+⅜
400	Oshawa A f	$30½	30	30	
400	Pamour	$13⅞	13⅞	13⅞	−⅜
517	PanCan P	$30⅛	30⅛	30⅛	+⅛
600	Pembina	$17¼	17⅛	17⅛	−⅛
14300	Phonix Oil	$10⅝	9⅝	10⅝	+⅛
1467	Pine Point	$33½	33⅛	33⅛	+⅛
4900	Place GO o	134	125	125	−2
35650	Placer	$27⅛	26½	27⅛	+⅛
380	Provigo	$14¼	14⅛	14⅛	+⅛
600	Ram Pet o	$9⅝	9½	9⅝	−⅛
9525	Rayrock f	$11	10⅝	11	+¼
400	Redpath	$18⅝	18⅝	18⅝	
561	Rd Stenhs A	$14¼	14	14	
7310	Reichhold	$12⅝	12	12½	+⅛
33	Revn Prp A	150	150	150	−6
1200	Rogers A	$11⅛	11	11	
19850	Roman	$21¼	20⅝	21	
15500	Rothman	$47	47	47	
16741	Sceptre	$7⅛	6⅞	6⅞	−⅛
75400	Scotts f	$12⅝	12½	12⅝	+⅛
77125	Shell Can	$29⅝	28½	29⅛	+1
149035	Sherritt	$12⅝	12⅛	12⅝	+⅛
1060	Sigma	$16	17½	15	+½
32832	SSears A f	$11⅛	10⅝	11	+⅛
475	Southm	$46⅞	46⅞	46⅞	−⅛
967	St Brodcst	$10	9⅝	15	+⅛
25504	Stelco A	$29½	29⅛	29½	
900	Steep R	$5⅝	5⅛	5⅛	+⅛
4488	Sulpetro B f	$7⅛	6⅞	7	−⅛
1900	Suncor pr	$24	24	24	
10864	Sydney o	405	370	370	−30
9700	Talcorp	135	132	135	+6
100	Tara o	$13⅝	13⅝	13⅝	
400	Teck Cor A	$15⅝	15⅝	15⅝	+⅛
68373	Teck B f	$14⅛	13⅞	14	−⅛
400	Teledyne	$8½	8	8	
7058	Tex Can	$40⅝	40½	40½	
1817	Thom N A	$38	37	38	+1
34883	Tor Dm Bk	$18½	18⅛	18¼	
6897	Torstar B f	$10⅝	10⅛	10⅛	−⅛
3189	Traders A f	$20⅛	19⅝	19⅝	−⅛
2700	Trns Mt	$7⅝	7⅝	7⅝	
9100	Trinity Res	$12⅝	12½	12⅝	+⅛
112553	TrnAlta UA	$20⅝	20⅛	20⅛	+⅛
41726	TrCan PL	$30⅝	30⅛	30⅛	−⅜
3469	Trimac	$6⅝	6⅝	6⅝	
50275	Turbo f	79	75	75	−2
2039	Unicorp A f	$8⅝	8⅛	8⅛	
500	Un Carbid	$15⅝	15⅝	15⅝	−⅛
26732	Union Gas	$11¼	11	11¼	+⅛
2100	U Keno	$20⅝	20⅛	20⅝	−⅜
2100	U Siscoe	$7⅛	7	7	
200	Van Der	275	275	275	
40600	Versti A f	$11¼	11	11	
1300	Vestgron	$17⅝	17⅝	17⅝	+⅛
8000	Westfort o	55	55	55	
4201	Westmin	$17½	17¼	17¼	−⅜
125	Westnhse	$53	53	53	+1
10600	Weston	$62	61½	62	+1
1346	Woodwd A	$14⅝	14⅝	14⅝	−⅛
930	Yk Bear	$11⅝	11½	11½	

Total Sales: 2,082,921 shares

Montreal

		High	Low	Close	Chge
11741	Bank Mont	$29½	29¼	29¼	
3400	Con Bath	$24¼	24	24¼	
9952	Dom Txt A	$18⅝	18⅝	18⅝	
17930	Nat Bk Cda	$13	12⅝	12⅝	
6475	Power Corp	$19⅝	18⅝	18⅝	
2200	Roll and A	$10¼	10⅛	10⅛	
100	Roll and B	$9	9	9	
10359	Royal Bank	$33	32⅝	32⅝	
781	SteinbrgA	$19⅝	19⅝	19⅝	

Total Sales: 1,140,685 shares

Solution to Previous Puzzle

TAJO ELGAR AWRY
ODOR VIEWY VOUS
NAHA ALONE ILLE
MATADOR WAFER
NILE GAPING
CANOED EVIL ASE
AISNE AFOOT NEM
IDES DARIN OGLE
REB WIRED BRAIN
ODA ANGO MAIMED
SERENE OLEA
PATEN REMINDS
HAIL HAITI TEED
IRAE ACCTS AURA
LEND YOKUM LSTS

SPORTS

Australia Wins America's Cup

First Triumph by Challenger In 132 Years of Competition

Compiled by Our Staff From Dispatches

NEWPORT, Rhode Island — Australia II staged a stunning comeback in the seventh and decisive race Monday and broke the United States' 132-year monopoly on the America's Cup with a historic victory over Liberty.

The foreign challenger with the mysterious winged keel trailed by eight seconds at the start of the race and remained behind most of the way. But John Bertrand steered her in front of Liberty, skippered by Dennis Conner, late in the fifth leg.

Sailing into the wind on the sixth and final leg, Conner tried desperately to regain the lead. He resorted to at least 25 tacks — zigzag maneuvers — to catch the wind, but Bertrand covered those moves to stretch his lead.

The winning margin was 41 seconds on the 24.3-mile course.

The victory triggered wild celebrations among Australian supporters in the spectator fleet on Rhode Island Sound, on the docks and streets of Newport and in Australia, where millions stayed up most of the night to watch it on television.

The cup, first won by the schooner America in 1851 and defended 25 times since, was the only international trophy never to change hands.

Conner, a 41-year-old San Diego drapery manufacturer, had successfully defended the cup aboard Freedom in 1980. But he squandered a 3-1 lead in this year's series, which was the first to go to a seventh race.

For Alan Bond, the head of the Australia II syndicate, the victory ended a decade of frustration. Starting in 1974, he had mounted three campaigns and won just a single race in 13 tries against the Americans.

The Australian victory means the competition will leave this seaside resort for the first time since 1930, when it was relocated here from Sandy Hook, New Jersey. The Australians said that if they beat Liberty they would defend the cup in 1986 in Perth.

Liberty took the start Monday, as she had done in the three previous races, by eight seconds, but Australia II managed to pull three boat lengths ahead on a port tack.

The Australians' upwind superiority, enhanced by the winged keel, was shattered when they failed to protect their margin — a mistake the Americans had made in their three previous losses.

The tactical error allowed Liberty to tack ahead and pick up a wind shift on the favored left side of the 4.5-mile leg.

Liberty rounded the first mark 29 seconds ahead.

Fresh wind helped both boats on the second leg, but Liberty benefited the most, rounding the second buoy 45 seconds in the lead.

Bertrand switched spinnakers and cut the gap to 23 seconds at the third mark. The 36-year-old Melbourne sailmaker did not engage in a tacking duel when he had the chance on the next upwind beat, and Liberty took a 57-second lead rounding the fourth mark.

But Australia II, flying with the wind at her back, surged ahead two-thirds of the way through the fifth leg when she went to the right while Liberty plowed straight ahead and left the challenger off on her own.

Australia II got favorable position inside her opponent, and the American lead drifted away.

At stake in the race was the bottomless silver trophy bolted to a table in the New York Yacht Club's Manhattan mansion.

The start was delayed because of shifting winds after being called off Saturday for the same reason. The Race Committee of the New York Yacht Club reset the course marks and started Monday's race 55 minutes late in eight-knot winds.

Conner originally counted on medium winds of 12 to 15 knots and had 1,000 pounds (about 450 kilograms) of weight removed — reducing Liberty's weight to 54,000 pounds — in expectation of those conditions. Australia II weighed 50,000 pounds.

Notably absent from Australia II on Monday was a protest flag that the Australians said they would be flying concerning Liberty's rebal- lasting Friday night.

The final match culminated a summer of elimination trials at sea and controversy ashore in which the legality of the Australian winged keel was challenged by the host club.

The protest ended when the International Yacht Racing Union backed the keel.

The Associated Press

Franco Harris of Pittsburgh carried for an 11-yard gain that moved him into second place in NFL regular-season career rushing. However, the Steelers lost to New England, 28-23.

Montana Passes for 3 Touchdowns As 49ers Defeat Falcons; Tyler Hurt

The Associated Press

SAN FRANCISCO — Joe Montana passed for three touchdowns and the San Francisco defense sacked Steve Bartkowski eight times as the 49ers defeated the Atlanta Falcons, 24-20, in a National Football League game Sunday.

There was bad news for the 49ers, however — the loss of Wendell Tyler, one of the leading rushers in the NFL. He suffered a dislocated shoulder in the first period. Atlanta lost one of its offensive stars, the wide receiver Alfred Jackson, whose left collarbone was broken later in the first half.

Montana's third scoring pass of the game and 10th of the season was a 1-yard toss to the tight end Earl Cooper early in the fourth quarter. Bartkowski, who had two touchdown passes in the game, had given the Falcons a 20-17 lead with a 3-yard touchdown run early in the final quarter.

Montana threw two scoring passes to Dwight Clark in the first half, and Ray Wersching kicked a 24-yard field goal in the third period for San Francisco.

Colts 22, Bears 19

In Baltimore, Rani Allegre, who missed a 45-yard field goal with three seconds left in regulation time, kicked a 33-yarder after 4:51 of overtime, giving the Colts a 22-19 victory over Chicago.

Allegre also had field goals of 37 and 47 yards in the fourth period. The Colts got first-half touchdowns on a 1-yard run by Randy McMillan and a 19-yard pass from Mike Pagel to Bernard Henry.

Chicago's quarterback, Vince Evans, engineered two touchdowns in the final period — a 57-yard pass to Willie Gault and an 8-yard run — to send the game into overtime.

Bob Thomas kicked two field goals for the Bears but missed his first extra-point attempt.

Redskins 27, Seahawks 17

In Seattle, Joe Theismann fired three touchdown passes, including ones of 64 yards to Charlie Brown and 47 yards to Alvin Garrett in the second quarter, as Washington beat the Seahawks, 27-17.

Theismann's other touchdown pass was a 4-yarder to Rick Walker with 5:07 to go.

John Riggins, the most valuable player in Washington's Super Bowl victory over Miami last January, carried 30 times for 83 yards and one touchdown — a 1-yard run in the first quarter.

Seattle scored on two touchdown passes from Jim Zorn to Steve Largent and a 27-yard field goal by Norm Johnson.

Raiders 22, Broncos 7

In Denver, Jim Plunkett threw two touchdown passes to Cliff Branch as the Los Angeles Raiders defeated the Broncos, 22-7.

Plunkett threw scoring passes of 35 and 17 yards to Branch, and Chris Bahr kicked two field goals for the Raiders.

The Broncos averted a shutout on Zach Thomas's 70-yard punt return with 1:42 left.

John Elway, Denver's rookie quarterback, suffered a slight concussion late in the first half and did not return.

Browns 30, Chargers 24

In San Diego, Brian Sipe threw a 48-yard touchdown pass to Harry Holt 1:53 into an overtime period, lifting Cleveland to a 30-24 victory over the Chargers.

The Browns had tied the game when Matt Bahr kicked a 32-yard field goal with 18 seconds remaining in the fourth quarter. Cleveland had driven from the San Diego 43-yard line after a punt.

The Chargers had rallied from a 21-10 deficit early in the third quarter to take a 24-21 lead on a pair of touchdown passes from Dan Fouts to Wes Chandler.

Jets 27, Rams 24

In New York, Pat Leahy kicked a 26-yard field goal with 6:38 left in overtime as the Jets beat the Los Angeles Rams, 27-24.

The field goal capped a 50-yard drive guided by the Jets' quarterback, Richard Todd, who had 37 completions in 50 pass attempts for 446 yards and two touchdowns.

The Rams had tied the game on a 3-yard pass from Vince Ferragamo to Mike Guman with 32 seconds left in the fourth quarter.

In the third quarter, the New York defensive end Mark Gastineau sacked Ferragamo and went into a dance of celebration. Gastineau was shoved from behind by the Rams tackle Jackie Slater, triggering a bench-clearing brawl.

NFL Standings

	W	L	T	Pct.	PF	PA
AMERICAN CONFERENCE						
East						
Buffalo	2	1	0	.750	68	54
Miami	3	1	0	.750	74	57
Baltimore	2	2	0	.500	84	87
New England	2	2	0	.500	98	99
N.Y. Jets	2	2	0	.500	91	93
Central						
Cleveland	3	1	0	.750	99	84
Pittsburgh	2	2	0	.500	98	91
Cincinnati	1	3	0	.250	46	64
Houston	0	4	0	.000	85	131
West						
L.A. Raiders	4	0	0	1.000	89	37
Denver	2	2	0	.500	48	55
Seattle	2	2	0	.500	01	85
Kansas City	1	2	0	.250	49	71
San Diego	1	3	0	.250	101	119
NATIONAL CONFERENCE						
East						
Dallas	4	0	0	1.000	114	80
Washington	3	1	0	.750	107	73
Philadelphia	2	2	0	.500	59	64
N.Y. Giants	1	2	0	.333	35	57
St. Louis	1	2	0	.250	75	115
Central						
Minnesota	3	1	0	.750	83	102
Green Bay	2	1	0	.667	89	87
Chicago	1	3	0	.250	84	84
Detroit	1	3	0	.250	68	81
Tampa Bay	0	4	0	.000	43	78
West						
San Francisco	3	1	0	.750	131	86
Atlanta	2	2	0	.500	83	71
L.A. Rams	2	2	0	.500	94	67
New Orleans	2	2	0	.500	100	99

CFL Standings

	W	L	T	PF	PA	Pts
Eastern Division						
Toronto	8	3	0	329	252	16
Ottawa	4	4	0	236	270	8
Hamilton	4	7	0	287	345	8
Montreal	2	8	0	205	300	4
Western Division						
Brit. Columbia	8	3	0	345	243	16
Winnipeg	7	4	0	295	263	14
Calgary	6	4	0	282	236	12
Edmonton	4	5	0	329	243	12
Saskatchewan	2	8	0	254	410	4

Sunday's Games

Ottawa 29, Hamilton 25

British Columbia 31, Edmonton 30

Orioles Capture Division Title With 5-1 Victory Over Brewers

United Press International

MILWAUKEE — Jim Dwyer and Joe Nolan homered and Storm Davis and Tippy Martinez combined on a six-hitter Sunday as the Baltimore Orioles beat the Milwaukee Brewers, 5-1, to clinch the American League East title.

The Orioles will play the Chicago White Sox, the champions of the West, in a best-of-five series for the American League pennant beginning Oct. 5 in Baltimore.

BASEBALL ROUNDUP

"It's a great feeling," said Baltimore's designated hitter, Ken Singleton. "Some people say there's Orioles' magic. But it's not magic. We just have an awful lot of talent and ability here."

The Orioles took a 3-0 lead in the third inning when Rich Dauer and Al Bumbry singled off Chuck Porter (6-9) and Dwyer followed with his eighth home run of the season.

Baltimore added two runs in the fourth when Singleton tripled and Nolan hit his fifth homer.

Milwaukee scored in the sixth when Bill Schroeder singled, went to second on a passed ball and scored on a single by Robin Yount.

Davis (13-6) went six innings before giving way to Martinez, who held the Brewers to three hits over the final three innings.

Tigers 3, Red Sox 2

In Detroit, Kirk Gibson's home run and Alan Trammell's sacrifice fly led the Tigers to a 3-2 victory over Boston.

Twins 7, Royals 1

In Kansas City, Missouri, Tom Brunansky knocked in three runs with a double and an inside-the-park homer as Minnesota beat the Royals, 7-1.

Yankees 6, Indians 4

In New York, John Montefusco pitched a seven-hitter over 7⅔ innings and Roy Smalley drove in three runs to lead the Yankees to a 6-4 decision over Cleveland.

Mariners 2, Rangers 1

In Arlington, Texas, Bob Stoddard allowed only five hits in 8⅓ innings and Darnell Coles singled in a second-inning run as Seattle beat the Rangers, 2-1.

White Sox 8, Angels 5

In Anaheim, California, Jerry Dybzinski hit a double and two sacrifice flies to drive in three runs in Chicago's 8-5 victory over the Angels. LaMarr Hoyt (23-10) won his 12th straight.

Blue Jays 8, A's 6

In Oakland, California, Rance Mulliniks hit a three-run homer in the top of the ninth to rally Toronto over the A's, 8-6.

Phillies 6, Cardinals 5

In the National League, at St. Louis, Pete Rose's pinch-hit single in the 10th inning gave Philadelphia a 6-5 triumph over the Cardinals. The victory, coupled with Pittsburgh's loss to Montreal, gave the Phillies a four-game lead over the Pirates in the NL East with six games left.

Expos 5, Pirates 3

In Montreal, Gary Carter drove in two runs with a single and a sacrifice fly and Al Oliver added a two-run single as the Expos beat Pittsburgh, 5-3.

Braves 7, Dodgers 1

In Atlanta, Glenn Hubbard and Bruce Benedict each had three hits as the Braves defeated Los Angeles, 7-1, to move within 3½ games of the Dodgers in the NL West.

Reds 5, Padres 2

In Cincinnati, Dann Bilardello and Skeeter Barnes hit back-to-back homers in the second inning as the Reds beat San Diego, 5-2.

Cubs 11, Mets 7

In Chicago, Larry Bowa went 4-for-4 and scored three runs and Reggie Patterson recorded his first major-league triumph as the Cubs beat New York, 11-7.

Giants 3, Astros 0

In Houston, Scott Garrelts had a five-hit shutout in his first major-league complete game as San Francisco beat the Astros, 3-0.

The Associated Press

Baltimore's Sammy Stewart had his foul-weather gear, but all was sunny in the Orioles' locker room after they clinched the AL East title. Bill Swaggerty did the pouring.

Major League Standings

	W	L	Pct.	GB
NATIONAL LEAGUE				
East				
Philadelphia	86	70	.551	—
Pittsburgh	83	74	.526	4
Montreal	80	76	.513	6
St. Louis	75	81	.481	11
Chicago	70	86	.449	16
New York	63	93	.404	23
West				
Los Angeles	88	67	.568	—
Atlanta	84	70	.545	3½
Houston	80	74	.519	7½
San Diego	77	78	.497	11
San Francisco	75	80	.484	13
Cincinnati	72	83	.465	16
AMERICAN LEAGUE				
East				
x-Baltimore	96	59	.619	—
Detroit	89	67	.571	7½
New York	87	67	.565	8½
Toronto	85	71	.545	11½
Milwaukee	82	74	.526	14½
Boston	75	81	.481	21½
Cleveland	67	88	.432	29
West				
x-Chicago	95	61	.609	—
Kansas City	75	80	.484	19½
Texas	75	81	.481	20
Oakland	71	83	.455	24
California	67	89	.429	28
Minnesota	67	89	.429	28
Seattle	58	97	.374	36½

x-clinched division title

Sunday's Baseball Line Scores

AMERICAN LEAGUE

Cleveland 000 100 103—4 9 0
New York 000 231 00x—6 12 1
Barnes, Spittner (5), Anderson (7) and Hassey; Montefusco, Frazier (8), Gossage (9) and Cerone. W—Montefusco, 4-8. L—Barnes, 1-1. HR—Cleveland, Hassey (6).

Minnesota 100 301 020—7 11 0
Kansas City 000 001 000—1 6 0
Schrom and Laudner; Jackson, Crawl (6), Armstrong (9) and Wathan. W—Schrom, 14-8. L—Jackson, 1-1. HR—Minnesota, Brunansky (27).

Baltimore 003 200 000—5 9 0
Milwaukee 000 001 000—1 6 0
Davis, T. Martinez (7) and Nolan; Porter, Augustine (5), Tellmann (6) and Schroeder. W—Davis, 13-6. L—Porter, 6-9. HR—Baltimore, Dwyer (8), Nolan (5).

Boston 000 000 101—2 9 2
Detroit 010 001 01x—3 8 2
Boyd, Clear (8) and Allenson; Abbott, Bair (2), Gumpert (6) and Parrish. W— Bair, 7-3. L—Boyd, 4-7. HR—Detroit, Gibson (15).

Seattle 010 000 100—2 6 0
Texas 000 000 001—1 7 2
Stoddard, Caudill (9) and Sweet; Hough and Sundberg. W—Stoddard, 9-16. L—Hough, 15-13.

Chicago 110 231 101—8 14 0
California 002 001 101—5 8 2
Hoyt, Agosto (7), Barojas (7), Hoffman (9), Lamp (9) and Fisk; John, Steirer (6) and Boone. W—Hoyt, 23-10. L—John, 11-13. HRs—Chicago, Paciorek (9). California, Pettis (1), Schofield (2).

Toronto 030 000 022—6 11 0
Oakland 011 022 000—6 8 0
Stieb, Acker (4) and Whitt, Martinez (8); McCaty, Underwood (8), Beard (8), Atherton (9), Heimuller (9) and Kearney. W—Acker, 5-1. L—Atherton, 2-5. HRs—Toronto, Upshaw (26), Barfield (25). Mulliniks (10). Oakland, Meyer (1).

NATIONAL LEAGUE

Pittsburgh 200 000 001—3 9 0
Montreal 200 030 00x—5 10 0
McWilliams, Tekulve (7) and Pena; Gullickson, Reardon (9) and Carter. W—Gullickson, 17-11. L—McWilliams, 15-7.

San Diego 000 101 000—2 6 0
Cincinnati 020 002 10x—5 6 1
Hawkins, Ramusen (7) and Kennedy; Puleo, Scherrer (7) and Bilardello. W—Puleo, 6-11. L—Hawkins, 4-7. HRs—Cincinnati, Barnes (11), Bilardello (8).

Los Angeles 000 001 000—1 8 1
Atlanta 103 031 00x—7 13 2
Pena, Hershiser (5), Zachry (5), Rodas (6), White (7) and Fimple; McMurtry, Forster (8) and Benedict. W—McMurtry, 15-9. L—Pena, 12-8. HR—Atlanta, Butler (5).

New York 000 012 004—7 9 5
Chicago 040 041 02x—11 15 0
Leary, Holman (2), Gaff (5), Gorman (7) and Fitzgerald, Ortiz (8); Patterson, Brusstar (9) and Davis. W—Patterson, 1-1. L—Leary, 0-1. HRs—New York, Foster 2 (27), Ruleich (11).

Philadelphia 012 000 000 2—4 8 2
St. Louis 001 010 110 1—5 14 0
Gross, Reed (7), Hernandez (8), Andersen (9), Holland (10) and Diaz, Virgil (8), Daulton (10); Allen, VanOhlen (2), S.Baker (6), Keener (8), Rucker (9), Lahti (9) and Porter. W—Andersen, 1-0. L—Lahti, 3-3. HRs—Philadelphia, Matuszek (31). St. Louis, L.Smith 2 (8).

San Francisco 120 000 000—3 7 1
Houston 000 000 000—0 5 0
Garrelts and Brenly; Ryan, Knepper (5), LaCoss (6), Smith (8) and Ashby. W—Garrelts, 2-1. L—Ryan, 14-9.

Caldwell, on Tour Since '74, Finally Takes a PGA Event

United Press International

ABILENE, Texas — Rex Caldwell fired seven birdies for a 6-under-par 66 on his home course Sunday and surged past Lee Trevino to win a Professional Golfers' Association tournament by one stroke.

Caldwell began his round at par but finished with a 6-under 282 for the victory — his first since joining the PGA Tour in 1974.

Trevino, who began the round in the lead at 6-under, shot a final-round 73 to finish second at 283.

Andy Bean and David Graham tied for third at 285. Lyn Lott followed at 286, while Ben Crenshaw, John Cook and Hal Sutton were tied at 287. Hale Irwin was at 288.

Caldwell, 33, who recently moved to Abilene from Tallahassee, Florida, has finished second in four tournaments this year, including the Las Vegas Celebrity Pro-Am last week.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

EMPLOYMENT

EXECUTIVE POSITIONS AVAILABLE

KEPNERY LTD
Financial Futures Broker, Commodities Broker.
Seek young, dynamic, well-presented sales executives. Performance related salary.
Send CV to:
Kepnery Ltd
40-42 Tabard Street, London SE1 4JU

EXECUTIVES AVAILABLE

INTERNATIONAL C.E.O. currently President of worldwide service company based in New York. Successful track record of turn-arounds and growth in profits. Write: President, Box 1383, New York, N.Y. 10019 USA for C.V. & return phone call

GENERAL POSITIONS AVAILABLE

SECRETARY, GENERAL HELPER. Household & diet supervision, light nursing, driving. Semi-invalid professional American woman seeks patient resourceful, independent, adaptable woman, 25-45 with sense of humor. Free to travel, bilingual English-French. Box 674, Herald Tribune, 92521 Neuilly Cedex, France.

SUCCESSFUL ORIENTAL businessman, 36, seeks female assistant to travel to USA, Far East, Europe, Africa. Applicant must speak fluent English, have good appearance and presentation. Excellent benefits. Send data, resume with photo: PO Box 5237, Whittier, CA 90607 - 5237 USA. Attn: George.

DOMESTIC POSITIONS AVAILABLE

EXPERIENCED NANNY required for English speaking family. Top references essential. Apply Mrs Baldrich, Muelle de Ribera, Casa E1, Puerto Banus, Marbella, Spain. Tel: (34-52) 78 22 12.

GENERAL POSITIONS WANTED

BRITISH GIRL, 18, Sensible, practical, ten "O" levels, one "A" level, seeks work anywhere. GEOGRAPHICAL, GEOLOGICAL, ECOLOGICAL interests. Anything considered provided future career opportunities good. Available for interview England or Switzerland. Please write Box 15989, Herald Tribune, 92521 Neuilly Cedex, France.

YOUNG MAN, 26, pleasant appearance, seeks job as travel companion, or tourist guide. Tel: 720 49 20.

EMPLOYMENT

GENERAL POSITIONS WANTED

FRENCHMAN SEEKS JOB caring for your animals & undertaking other obligations during your absence. References. Tel: Paris 255 01 42.

US GIRL FRIDAY fluent French/Italian. Management skills, good typist seeks short/long term jobs anywhere Europe. Tel Paris 278 43 25 Ms Collins

PARIS DYNAMIC LADY PA / PR int'l education & arts. Tel: 236 29 86.

EDUCATIONAL POSITIONS AVAILABLE

PH.D. / ABD COMPARATIVE Literature for part-time teaching in Paris, to start in January 1984. Send CV to Box 695, Herald Tribune, 92521 Neuilly Cedex, France.

TEFL TEACHERS experienced, EEC or valid work permit, part time, good hourly rate. Send CV to: Box 694, Herald Tribune, 92521 Neuilly Cedex, France.

EXPERIENCED QUALIFIED TEFL teachers, native speakers only. Paris: 642 49 52.

MUSIC SCHOOL SEEKS piano teachers, maximum 40 years old, speaking French. Tel Paris 270 45 00.

EDUCATIONAL POSITIONS WANTED

COUPLE, AMERICAN/GERMAN having teaching experience - she: former professor of English Literature at UCLA; he: former lawyer in Hamburg, seek English & German teaching positions. Offers from language schools also considered. Paris 525 08 30 between 5-7pm.

DOMESTIC POSITIONS WANTED

NANNY / GOVERNESS AGED 29, reliable, highly experienced girl, free now. Fry Consultants, 7 High St., Aldershot, Hants, UK. Tel: 0252 315369.

AU PAIR AMERICAN FEMALE 23, literary: quiet, mature, responsible. Paris area. 1322 S. Ogden Dr. #7, Los Angeles, CA 90019 USA.

CHAUFFEUR - VALET, Sri-Lankan, 26, with references seeks post. Paris: 828 76 41.

ENGLISH NANNIES & Mothers' Helps free now. Nash Agency, 53 Church Road, Hove, UK. Tel: (0273) 29044/5.

AUTOMOBILES

EXPERIENCED CAR TRADERS for Mercedes, BMW, Porsche, offer full service import / export US Dot & EPA for tourist & dealer. Oceanwide Motors, 4 Duesseldorf, W. Germany. Tel: (0) 211-434646, telex 8587374

AUTOMOBILES

JEEP HONCHO Pick-Up J10, right hand drive, V8, 1600 km, quadratrac, automatic, power steering, power brakes, stabilizer fit cruise control, roll bar, heavy duty shocks, heavy duty cool, tinted glass. Export DM21,900. Tel: W. Germany (0211) 340055. Tlx: 8588592.

INDEPENDENT auto dealer. Mercedes, BMW, Porsche sales & service. DOT-EPA approved system. Bond available. 2-year warranty. USA 713-497-5332. Tx 775400 API CO MSTY

PORSCHE 928 S, model '83, automatic, white/dark blue leather, about 20,000 km, fully loaded, very best condition, export price DM 69,500. Tel: W. Germany (0211) 340055. Telex: 8588592.

AUTO SHIPPING

TRANSCAR: Europe's largest for cars, also baggage & household effects worldwide. Contact London E14, Dundee Warehouse, Three Colt St. Tel: 01-515 6684. Geneva 1219, 37/39 Ave du Lignon. Tel: 96 55 11. 6000 Frankfurt, Frachtgebaude 458A, Frankfurt Airport, Tel: 0611 690 2518. Munich 21, Landsberger Str. 191a, Tel: 57 20 77. Brussels 1000, 165 Ilse de Midi. Tel: 513 4150. Paris: ECONOPAC, 41 rue Ybry, 92200 Neuilly Sur Seine. Tel: (1) 758 12 40.

TRANSCAR 20 rue Le Sueur, 75116 Paris. Tel: 500 03 04. Nice: 83 95 33. Antwerp 233 99 85. Cannes 39 43 44.

AUTOS TAX FREE

TAX FREE CARS

CADILLAC SEDAN de VILLE
1983, 200 miles, last chance for this luxurious model before smaller version, white with dark blue vinyl top and matching interior, all options including wheel discs, etc...
BUICK CENTURY LTD
1983; 170 miles, 4-door sedan, metallic blue, all options including wheel discs, etc.
BUICK SKYLARK
1983, 1800 miles, 4-door, limited two tone beige, brown, all options including wheel discs.
JEEP CHEROKEE Wagoneer AMC
Bullet-proof car, 4-wheel drive, 10km.
JEAN CHARLES
Official Distributor.
28 rue Claude Terrasse
75016 PARIS
Tel: 524 43 33
Telex: 65 00 91 J. Charle

MERCEDES 500 SEL, white, velour, air, sun roof, Mexico cassette, other extras from stock, ex-factory Stuttgart. List price. Call: Athens 01 823 9664. Tlx: 214774.

AUTOS TAX FREE

ROLLS-ROYCE
BENTLEY
BRITISH MOTORS
WRIGHT BROTHERS
MONTE CARLO
Principality of Monaco
Tel: (93) 50 64 84
Telex: 469475 MC
Official Direct Factory Dealer
Can Supply Worldwide
Established since 1925

TRANSCO

TAX FREE CARS

We keep a constant stock of more than one hundred brand new cars, competitively priced.
Send for free catalogue & stock list.
Transco SA, 95 Noorderlaan, 2030 Antwerp, Belgium.
Tel: 03/542 62 40. (10 lines).
Tlx: 35207 TRANS B

EUROPORT TAX FREE CARS
All makes. Call for free catalog.
Box 12011, Rotterdam Airport, Holland.
Tel: 010-623077. Tlx: 25071 EPCAR NL.

SERVICES

NEW YORK
U.S.A.
Tourist Guides, Travel Companions.
All Nationalities. Credit Cards Accepted.
Tel: 212-765-7896 or 212-765-7754.

PARIS PR
BILINGUAL YOUNG LADY
PARIS: 520 97 95

PARIS PR
YOUNG LADY
TEL: 589 70 59

NOTE THIS PHONE AT ONCE IN your diary. Paris 757 62 48 your V.I.P. travel - companion.

TOKYO LADY COMPANION, PR Personal assistant. 03-587-0447.

YOUNG LADY, linguist, chauffeuse, will travel. London: 747 3304.

SERVICES

PARIS V.I.P. PR - 553 62 62 Young lady. Also free to travel.

PARIS PUBLIC RELATIONS. Gentlemen: 268 07 56 / 562 95 60.

SERVICES

PARIS BILINGUAL ASSISTANT to business executive. 500 58 17 Paris.

LADY INTERPRETER travel companion. Tel: Paris 633 68 09.

SERVICES

PUBLIC RELATIONS, English - French, travelling assistant. Paris 747 59 58.

INT'L PR & TOURIST GUIDE, to assist you Paris & airports. 527 90 95.

SERVICES

PARIS PR YOUNG LADY 527 01 93 Trilingual & travelling companion.

PARIS YOUNG LADY, bilingual interpreter. Tel: 341 21 71.

ESCORTS & GUIDES

INTERNATIONAL ESCORT SERVICE
NEW YORK
CALIFORNIA
and other U.S. Cities
212-765-7896
212-765-7754
330 W. 56th St., N.Y.C. 10019
CHICAGO
312-861-0465
European & International Cities contact New York Headquarters.
Multilingual escorts available to travel anywhere nationally or internationally.
Limousine & Airport pickup available.
MAJOR CREDIT CARDS AND BUSINESS CHECKS ACCEPTED
This award-winning service has been featured as the top & most exclusive Escort Service by USA & International news media including radio and TV.

CHARLY'S ANGELS
ESCORT SERVICE IN EUROPE
● FRANKFURT ●
● WIESBADEN-MAINZ ●
● MUNICH-LONDON ●
● ZURICH-GENEVA ●
+ Everywhere in Europe
06190-4488
ESCORTS AVAILABLE TO TRAVEL ANYWHERE

GENEVA JADE DOMINA Escort Service. Tel: 022 / 31 95 09

VIENNA ESCORT SERVICE Tel: Vienna 26 88 61.

TOP ESCORT SERVICE Vienna. Phone 0043/222/65 41 58.

ESCORTS & GUIDES

INTERNATIONAL
ESCORT AGENCY
PRIVATE COLLECTION
FRANKFURT
MULTILINGUAL ESCORTS
Everywhere in Europe
Tel 0-6192-1744
LIMOUSINE & AIRPORT PICK-UP
MAJOR CREDIT CARDS AVAILABLE

CAPRICE
ESCORT SERVICE
IN NEW YORK
TEL: 212-737 3291.

LONDON
BELGRAVIA
Escort Service.
Tel: 736 5877.

DUESSELDORF COLOGNE DOMINA English Escort Service. 0211 / 383141.

FRANKFURT SONJA Escort Service. Tel: 0611/686562 or 06103-44317

HAMBURG CAROLINE ESCORT Service. Tel: 040 / 652 9130.

FRANKFURT REGINA'S ESCORT Service. (0) 611 / 819811.

MUNICH PRIVATE ESCORT & Guide Service. Tel: (089) 311 79 00.

FRANKFURT - ANITA Escort Service. Tel: 0611/435914.

DUESSELDORF ESCORT SERVICE. Tel: 0211 / 790617.

FRANKFURT - PETRA Escort & Travel Service. Tel: 0611 / 682405.

KAREN ESCORT SERVICE Frankfurt. Tel: 0611-681662.

CHARLENE. Geneva Guide Service. Tel: 295 395.

ESCORTS & GUIDES

N. EUROPE ESCORT SERVICE
AMSTERDAM 644994
THE HAGUE 523429
ROTTERDAM 334040

LA VENTURA
ESCORT SERVICE
NEW YORK CITY
212-888-1666

LONDON
Portman Escort Agency
67 Chiltern Street, London W1
TEL: 486 3724 or 486 1158

LONDON
KENSINGTON
ESCORT SERVICE
10 KENSINGTON CHURCH ST, W8
TEL: 937 9136 OR 937 9133

ZURICH
Vanessa Escort Service
01/47 02 12 - 69 22 45

LONDON WEST
ESCORT AGENCY
LONDON HEATHROW & GATWICK
TEL: 01-747 3304

LONDON LADY
ESCORT SERVICE
Morning, afternoon & evening service.
Tel: 402 8150

JB ESCORT SERVICE, HOLLAND 020-222785/030-944530/02997-3685

ESCORTS & GUIDES

LONDON MAYFAIR
ESCORT SERVICE
TEL: 01 582 2408
AND HEATHROW

AMSTERDAM
+ SHE + ESCORT SERVICE
Tel: 020/ 222940.

MADRID EVASION
ESCORT & GUIDE SERVICE
MULTILINGUAL
Madrid 261 41 42 - 261 43 35.

MUNICH
+ EVERYWHERE
WHY NOT ESCORT SERVICE
TEL: (0) 89 - 914693.

LONDON ELITE
Escort Service
TEL: 221 8793

VIENNA
ESCORT SERVICE 453125

LONDON PARK LANE
ESCORT AGENCY.
TEL: 582 2408.

AMSTERDAM
ESCORT GUIDE SERVICE
SINCE 1973
Tel: 247731.

LONDON CHLOE ESCORT Service. Tel: 244 7671.

ELEGANTE ESCORT SERVICE. London 761 5014 / 653 0185.

ESCORTS & GUIDES

ARISTOCATS
London Escort Service
Tel: 437 4741 / 4742
12 noon - midnight

LONDON & HEATHROW
ALBANY ESCORT SERVICE
TEL: 991 1340

MAYFAIR CLUB
GUIDE SERVICE from 5 pm
ROTTERDAM (0) 10 - 25 41 55
THE HAGUE (0) 70 - 60 79 96

LONDON CAMEO
ESCORT AGENCY
12 noon - 12 midnight
Tel: 01 263 6285

ZURICH-GENEVA
Monique Escort and Guide Service
Tel: 01+361 90 00

ZURICH
SOPHIE ESCORT & GUIDE SERVICE
TEL: 01 / 202 68 93.

ZURICH
GRACE ESCORT & GUIDE SERVICE
TEL: 01 / 462 62 30

ZURICH
ODILE ESCORT SERVICE
Tel: 01 / 810 22 34.

MADRID
TATIANA ESCORT SERVICE
TEL: 266 01 77

LONDON LUCY ESCORT SERVICE. Tel: (01) 584 5864.

ZURICH. VIP ESCORT SERVICE: 057/33 18 76; 11:30am-1pm & 6pm

SERVICES

HONG KONG / KOWLOON (3) 683379 Assistant to business executives / V.I.P.

HOTELS

U.S.A.

TUDOR HOTEL, 304 East 42nd St., New York City. In fashionable, East Side Manhattan, ½ block from UN. Single from $30; doubles from $66. Telex: 422951. Tel: 800-522-7558

LOW COST FLIGHTS

NEW YORK one way $220, LA $300 confirmed seats from London. Tel: London 734 8100.

TO USA or WORLDWIDE, contact your US travel agent: Paris 225 92 90.

RESTAURANTS NIGHT CLUBS

AUSTRIA

VIENNA-Batzenhausl Dr. Karl Luger Ring 12. Austrian + int'l specialties

ESCORTS & GUIDES

ZURICH
NATHALIE ESCORT SERVICE
TEL: 01 / 47 50 85

LONDON CONTACT
ESCORT AGENCY
LONDON 402 4000 / 402 4008

ROME CLUB EUROPE ESCORT & Guide Service. Tel: 06 / 589 2604 - 589 1146 (from 10 am - 10 pm)

LONDON - CHELSEA GIRL Escort Service. 51 Beauchamp Place, London SW3 Tel: 01 584 6513/2749. (4-12 pm)

GENEVA-EXCLUSIVE
Escort Service. Afternoon & Evening.
Tel: 22 / 21 79 29

NEW YORK
FINESSE ESCORT SERVICE
SHEILA: 212-759-3052

GENEVA V.I.P. ESCORT SERVICE + Travel / Weekend. Tel. 41 20 36.

ZURICH - DON JUAN ESCORT and Travel Service. Phone 01/2119207 or write: PO Box 5160, CH-8022 Zurich

VIENNA - EXCLUSIVE Escort Service. Tel: 47 - 74 - 61.

BRUSSELS, CHANTAL ESCORT Service. Tel: 520 23 65.

BRUSSELS DIANA ESCORT Service. Please tel: 731 76 41.

BRUSSELS, ELISABETH Escort & Guide Service. Tel: 02/347 52 24.

BRUSS

ART BUCHWALD

What to Do About Watt

WASHINGTON — No one seems to be able to take a joke anymore. When Secretary of the Interior James Watt said, in describing a panel appointed to study the coal-leasing situation, "We have every kind of mix you can have. I have a black, I have a woman, two Jews and a cripple, and we have talent," he started another political firestorm.


Buchwald

Watt maoaged, in one sentence, to offend a race, a sex, a religious group and almost every afflicted person in the United States.

The last time he blew it was when he banned the Beach Boys from the Mall on the Fourth of July. Then the White House decided to laugh it off by giving Watt a big foot with a hole in it where he shot himself. It made a great photo.

•

The damage control people met right after Watt's new boo-boo to see what to give him this time.

One political expert said, "Why don't we give him a large watermelon to stick in his mouth?"

"How about letting him come out of the White House in drag and blackface, wearing a skullcap while sitting in a wheelchair?"

A White House chief said, "I'm oot sure the people he offended will see the humor in it."

"Oh, come on," said another White House aide. "If we can't laugh at ouselves in this country, we're in a lot of trouble."

"We are in a *lot of trouble*," the political aide said. "The chief spends all his time saying his administration has done more for blacks, women, minorities and the handicapped than any other president, and then that born-again nerd, in one stupid statement, blows it."

"We have to come up fast with something that can get us off the hook."

"Why don't we just publicly censure the guy?"

"We can't do that. We'll only offend the people who thought his remark was very funny."

•

"I have an idea. You know those *things they have at carnivals where* a guy sits on a platform and people throw balls at him, and every time they hit him he gets dumped in a tub of water? We could set one of those up on the White House lawn and invite the public to throw things at Watt. The president could throw out the first ball."

"That would be sort of fun, but don't you think it's slightly undignified for one of the president's cabinet officers?"

"Not for Watt. He has a great sense of humor."

"I have a crazy idea. Instead of treating it like a joke, why don't we get the president *to fire* the secretary?"

"What for? We have to give Watt a reason," a White House aide said.

"We'll *say* we oeed the post to appoint a member of one of the groups he offended."

"He offended a lot of people."

"Suppose we found a black Jewish woman with one leg that was shorter than the other?"

"I'm not against it, but where do we get one?"

"We'll go through the mail that we have been receiving since he made his remark. I'm sure we'll find a candidate there."

•

"The president will have to make the final decision. In the meantime we have to put the fire out right away. Schedule the president to speak to a black group, a women's group, a Jewish group aad a handicapped group in the next week."

"It will be too obvious if be addresses all of them at this time."

"We'll declare October black Jewisb haodicapped womeo's month. It's about time the president recognized them for what they've done for the country."

Batmobile Is Auctioned For $77,000 in U.S.

United Press International

LOS ANGELES — The Batmobile, the custom coupe that Adam West used as the caped crusader of the 1960s TV series "Batman," was auctioned here for $77,000.

The black machine was one of a dozeo cars bought for oearly $250,000 by a New Jersey trucking company official, Joe Molina, a spokesman for the Celebrity Car Auction said.

Germany Rocks to Its Own Accent

In East and West, Singers Are Adapting the Language to the Music

By James M. Markham
New York Times Service

BERLIN — There is a new sound around in the land of Mozart, Beethoven and Wagner.

Its practitioners — Udo Lindenberg, Nioa Hageo, Bap, Spliff, Nena and Peter Schilling — are squaring a musical circle, singing what a few years ago seemed a contradiction in terms: German rock.

When they started elbowing their way into the local, British-American-dominated charts in the late 1970s, the German rock bands were inevitably dubbed "the new German wave," a metaphor that evoked an eventual crash on the beach. They are holding, though, still belting out strong, experimental — if sometimes gimmicky and heavily electronic — songs, and taking aim at the U.S. market.

Heroes and talismans for young Germans both in East and West Germany, the bands are changing the language of Goethe, stripping it of pomp and rough edges and adorning it with street talk and witty argot.

Udo *Lindenberg*, a gaunt and sinister-looking fellow who was born on the Dutch frontier in 1946, was the first to try singing rock in German, when everyone else was aping the Beatles or the Rolling Stones in English. "We lost our language," said Lindenberg, who favors a black fedora and black leather jacket and pants. "When I started singing in German in 1972, everybody said, 'You're crazy.' "

The German language, conventional wisdom ran, was too clumsy and harsh, its verbs too far from their subjects, for the taut, condensed tempo of rock music. The mother tongue was tainted, too, by association with a tradition of sentimental, kitschy love songs. But in 1973, Lindenberg broke through this barrier of prejudice and inhibition with a rollicking hit in German called "*All Clear on the Andrea Doria*."

For several years, Lindenberg was a lonely, one-man phenomenon out of Hamburg. A durable hit, to the rocked-up tune of "Chattanooga Choo-Choo," was titled "Special Train to Pankow," in which Lindenberg imagines Erich Honecker, the stiff East German Communist boss, as a covert rocker who *slips on* a leather jacket, locks himself in the bathroom and listens to Western music on the radio.

In East Germany new rock bands were also starting up in German, since the Communist regime imposed a ban on singing in English. A few of the East German groups — the Puhdys, Karat, Silly — have stirred a modest following in West Germany, their lyrics heavy with anti-American jabs at the neutron bomb and Hiroshima.

Nina Hagen, who was thrown out of East Germany in 1976 at the age of 21, dismisses much of this as "agit-socialist rock." The extravagant, self-indulgent, quasi-operatic singer is back home after a stretch in Hollywood. "I like to rap in German; it's my language," she said, wearing a gold tinsel wig over her greenish Iroquois hairdo as she relaxed in a small botel here. "The German language is absolutely as sexy as the English one."

Hagen's career stumbled three years ago after she split with the Nina Hagen Band, which went on to make distinctive, almost intellectual music of its own under a new name — Spliff.


Nina Hagen, before her greenish Iroquois hairdo.


Udo Lindenberg: "Such a great political impact."

Now Hagen has people talking about her again, not least because she has taken to reviving the mannerisms, clothes and music of Zara Leander, the red-haired Swedish actress and singer who became the sex symbol of the Third Reich.

It all recalls, uncomfortably, a blatant Nazi moment in the oew German wave last year when a hard-rock group called Breslau attracted attention with an album called "Volksmusik." Bap, a Cologne group, counterattacked with an angry, eerie song, "Crystal Night," which was introduced at concerts with pointed reminders to those "who seem to have forgotten the past." Breslau (which is the German name for the Polish city Wroclaw) quickly faded and disappeared.

If the new wave has a political center of gravity, it is somewhere on the left, not the right. Lindenberg gave the anti-ouclear Green Party a big lift by campaigning for it in the March parliamentary elections, and be will be involved in demonstrations against the deployment of U.S. missiles in West Germany this autumn. "We Germans have made two horror wars," said Lindenberg. "We have a special duty to learn from history. What I find so great in Germany is that groups like me and Bap can have such a great political impact."

It is hard to find a band that hasn't done at least one song about the horrors of nuclear war. One of the most successful by a hot group, Nena, is "99 Balloons," a lilting tale about an accidental ouclear war that has just been translated into English.

But, sitting around a working table doing their income taxes here, four members of Nena disavowed any wish to be sending political messages. "I could not stand on a stage and represent any kind of ideology," said Nena Kerner, 23, the band's throaty singer. "We want to have fun in the world. We want to do what we have lived."

Willy-nilly, though, the new wavers realize they are caught up in pulling together strands of a national consciousness. "We all feel the problems of the German ideotity," acknowledged Manfred Praeker, 32, a bass guitar player for *Spliff*, one of the most exciting and innovative groups. "And I feel myself a —" here a pause — "a German-*speaking member of a frontierless* Europe."

As for the roots of their music: "The young Germans do not have the German music tradition," said Uwe Fahrenkrog-Petersen, 23, Nena's keyboard player. "We grew up with Pink Floyd and the Rolling Stones, not with Bach and Beethoven."

As it crests and broadens, the new wave is a demonstrated commercial success. While other sales stagnate, the production of new wave records in West Germany has jumped by 16 percent in the last 12 months, and more than half of the top 20 hits have been German rock, as compared with one or two titles two years ago. A few German singers have broken onto the American charts, most recently Peter *Schilling* with an electronically hyped song called "Major Tom." But as Manfred Praeker of Spliff says: "We all have a great dream — to play in America."

Others seem content to deepen their German roots. Bap, for example, sings in Kölsch, the Cologne dialect, bot draws fans from all over the country. "I feel myself that I'm so happy to sing in my own language," said Wolfgang Niedecken, the founder of Bap. "We're not going to sing in English, and it would be pretty stupid to think of Americans singing in Kölsch."

PEOPLE

A Medal for L'Amour

President Ronald Reagan presented the frontier novelist **Louis L'Amour** with a special Congressional Gold Medal at the White House. The North Dakota writer is the first novelist in the nearly 200-year history of the medal to be bonored by a vote of both houses of Congress. The medal was struck by the U.S. mint and has L'Amour's *likeness on the front*. L'Amour's 87 books have sold 140 million copies worldwide.

•

Two cane-bottomed chairs designed, built and signed by former President **Jimmy Carter** will be among the objects auctioned Oct. 7 at Sotheby's galleries in New York for the benefit of the Carter Presidential Library at Emory University, Atlanta. Carter is a master craftsman with a *professional* workshop at his home near Plains, Georgia. He often uses wood from the floors of barns and old build*ings for his furniture. The library* and museum at Emory will cost $25 million, $20 million of which already has been raised.

•

Gore Vidal, 58, the American author, was formally proclaimed an honorary citzen of Ravello, Italy, capping a 35-year *love affair* with his adoptive town perched high above the Amalfi Drive. "The expatriate writer is finished. Modern *communications* have killed him," Vidal said in his speech accepting Ravello citizenship. "But at least the writer as such does have a role in Europe. It's not like in America where literature is produced by the teachers on the campuses for the students who themselves are future teachers." Vidal spends about six months a year on his six hillside acres, "Creation," his novel set in the fifth century B.C. linking Buddha, Socrates, Confucius and Zoroaster, has just won the prestigious Deauville prize in France.

•

Andrew Rothstein, British leader of au organization of British-Soviet friendship, has been awarded the Order of the October Revolution, according to Pravda. The longtime member of the British Communist Party, was given the award on his 85th birthday. Rothstein's father worked with Lenin to publish the newspaper Iskra (Spark) when Lenin lived in London in the early 1900s. The house where the two worked on Iskra is now a museum and library with Rothstein as director. Rothstein traveled to Moscow in 1920 and spent three weeks with Lenin.

•

Film directors from Spain and Belgium won the top prizes at an international film festival held anoually in San Sebastian, Spain. The prize for best direction went jointly to Spain's **Jose Antonio Zorrilla** for his film "El Arreglo" (The Arrangement) and to the Belgian **Marc Didden** for "Brussels by Night."

•

Lord Snowdon, 53, former husband of Britain's Princess Margaret, was temporarily blinded by youths in a van who sprayed him with a mystery liquid as be headed home from London's Heathrow Airport in his chauffeur-driven car. "They started squirting this stuff through an open window," said Snowdon. "Luckily I wasn't driving so it was not too serious."

•

President Canaan Banana of Zimbabwe, an avowed football fanatic, has disclosed where he wants to be buried. Banana, 47, told the Soccer Star of the Year banquet that an extract in his will states "when I die it is my desire to be buried at Rufaro Stadium," a Harare football field. The president, who often dons boots and shorts to play with village youngsters and professional stars, explained that after he died "when Zimbabwe played [at Rufaro] they would have the added advantage of the invisible 12th man."

•

Cardinal Joseph Bernardin, a leading critic of the nuclear arms race, was named the winner of the Albert Einstein international peace prize. The Roman Catholic archbishop of Chicago will receive the award, worth $50,000, at a ceremony in Washington Nov. 8.

•

Brigitte Bardot, who now devotes herself to the protection of animals, has taken up the cause against Polynesians who eat dog meat as a culinary delicacy. Bardot, 49, denounced as "unspeakable and illegal" the killing and marketing of an estimated 2,000 dogs in French Polynesia each year. "I am ashamed to be French," she declared in an article in the weekly magazine Paris Match.

Imprimé par Offprint 73 rue de l'Evangile 75018 Paris